

10/8/01 Ed

7:46 Km. notes

Welcome

- Rick

- Mark

- Diinder

- Mr. discussion

Tues

1 1/2 hr. Exe session, incl. Co.

Rick - recurring net inc

Sarge - What are we thinking re: disclosure?
Net inc. rep. debt / equity assets

Rick - Non recurring items

AZX - Reasoning for all items b/w AZX and BA
w/ litigation pending (\$105M on book)

90% confidence level when assets can be sold

AZX N. Am. - Non. close

EPS 20d / sh

EC37349A0030690

1) Severance

369 MP

2) ^{losses} Sale of inv. & impairment

\$52M

3) contract services (BB;

\$162 MP

monetary primarily

Impairing to

Shows \$1 billion for fiber network

will be useful if impairment

Shows in Incr

462 AH 51112

NPA 100d 1 yr ago

- Concept takes out

- Direct

GOVERNMENT
EXHIBIT
3987

Crim. No. H-04-25 (S-2)

liquidity difficulties
Errors loss

\$200 Mtd continuing inc.
could recognize ^{up to} 100 + 30

Raptor

Lot of criticism

Orig intent - Hedge merch inv.

Outcome - Book merch inv. + ENE

sth ↓

- Buyer & bigger diluted sh o/s

Take loss as non-recurring

Pauls - Discussion of

surveys - surprise to analysts?

MEK - AZX - No,

EBS - Expect impair, but costs different

NPL/Ment - Net inc. came to us

recurring. Non-rec. loss

Joshua pursued - what is response?

MEK - May not be fully successful

May need to disclose remaining NPL int.

Concern on equity impact (+ Raptor-related

adj.)

Pauls/Conroy - How much gain on sale of assets?

Pauls - Personal

Service Co - EFS - in line w value created

Land - Small in FAVA

EBS - Still local business?

Hellm - \$1.5 bil remaining

MEK - Vehicles: Raptor done.

[Buy Out]

EC37349A0030691

Sarge: Had to be as open as possible.

Bleh: No 2nd chance - imp. to be very forthcoming

Foster: Martin \$750 MM exposure. Contingent equity.

Bulfr: Any other assets w/ exposure?

[Buy in]

Causy: Martin

Plan to ~~set~~ disclose / set out

[See pros - EPS 3Q Bar chart]

ME/L

Paulo - Brazil / AES

- Enron had diff. ap & could diff. multiple
- GW - why not more target G/W (Luh)

Diside

(See pros)

Ken

- Enclpt reports handed per
- Ken memo re All Encl Survey
- Encl. Q?
- When EN is due

8:58 Adj.

EC37349A0030692

①

LoD Exec Session 10/9

- Began @ 8:10 a.m. - Exec. Session started
approx 9:30
- Ken

WE/Holdman in to brief mgmt on MVA/
current environment

Outlined agenda for mtg.

[Jim left]

[Jim entered w/ WE/Holdman repr]

- GS/WE presentation

Purpose: 1) State of play on MVA

2) Consider AS last 12-18 months

mtg activity and ENG value

2) Specific Encom vulnerabilities & assessment

3) Overall observations on co's thinking

about preparation for hostile act

Don't think
Statement Encom is very vulnerable today

[See pros, p. 4]

Ken: Thank you Hold pros.

[GS/WE/Factor, Derrick verbally left]

[Factor left; Derrick act'd]

Ken: 2 things - sh right place

- Put on shelf, but not in place

- Recommend against staggered LoD

[Wholly in]

See Agenda - show item 8

EC37349A0030693

Guediche (cont'd from

- Very good report on Compliance

Received 60 cases 10. 20 before

- Special investigation report, w/ A/C panel reviewed
(usually ^{Kim} & ^{original} ~~Harmon~~ practices w/ ~~Druid~~)
Concern on Reptn & LTH

Employee
with
for

Conflict of int.

Approp

disclosure

- Nothing unusual in approach to review & investigation
- Reporting due to ~~prescribed~~ investigation reporting by media
- Audit Comm. reviewed in detail Mon.
- ^{Written} ~~Anonymous~~ letter identified & talked w/ Ke
- Legal review of transactions, acctg., disclosure

Nothing unusual about

[Foster Dr] (Went out w/ GS/VWE)

- LTH still exists, but not related & no new transaction

Concern

[Foster Out]

- BoD heard Mon eve about losses of wind-down
- Reporting due to something vs. a vs. press
- Review in ord course & very imp

Kim - V&E (led by Lily), working closely w/ BA

o Legal

o acctg.

o Disc.

} approp.

Reviewed by Fin Com.

EC37349A0030694

- WSI compiling article about not able to corroborate
- Andy expressed initial concern; now out of mind.
- Andy aware of investigation -
- Employee approach / background w/ AA / motivation
- Employee more compliant to Comm Affair.
- Very capable acct / finance - may not
- know all facts

Ken clarified that reserves 220 but 7 y/ord.

Saloff - Comm systems backup

Paul - 92K very helpful prep

Paulo - Steve addressed plan and demand

Chen

1. Niora

2. Paulo

Finance Report - Greg

- Mkt report

• Bank / mkt - general

• Gen co.

Result: Enormous spreads ? & borrowing capacity ↓

O/N sig ↑; raised 7 some 9/11

(Josh / David Jr)

EC37349A0030695

- Watch offs -

• Spectrum: No A → downgrade → Watch

• Expect agencies to give time to sell assets

\$ 3.6 bil

well positioned this yr. w/ any. More routine - type + revs.

Foster Out

FU unity
with
AZX

- Simplify, quality earnings, reduced debt all +
- Paulo from raised? re: Whitman & AZX

Martin - Rob debt forward or long in
Worson owned

Whitman, - Roll forward or sell assets;
Reviewed

- Large imbedded value in Enron stock
- Permitted timing of
- 2 things happened adversely:
 - ENET
 - Asset value ↓
- Issue was not the vehicle, but assets

in vehicle

Audit/finance roles in R M

- Scenario testing
- 7 scenarios data

New Risk Policy Audit
Int controls
Vio

FR
Fremont
Limits,
Review min. returns relative
to expectation
> 200 MD
if ↓ 36 m. interest

Recommended Δ to Policy
" approval of minutes

EC37349A0030696

Report on News

- Very helpful analysis of other co's of sim. size
- Each have some gaps but Enam not in bed shop

FU

- Ryan @ mid mty. at place

FU

- Kelly @ B.O.D

9:25 Break

9:30 MC ^{+ others} attend

Don began EES.

★ FU ★ (Captured deal specific profitability)

Pop - hard to track earnings & costs

Look @ whole books or group of deals.

Don Dr

Ken - Don & Grant have rebuilt business

Don - margins good but

DSM can be syndicated & gain high volume.

James - Capital Deployed

[Derrick Dr] Left?

MFU

Blake - Wants to see G.M. and Costs as % of Rev.

Op Statement on deal

Line by line cost / earnings

10:40 10 min break

10:53

Ken - Analyst Reports

EC37349A0030697

* FU Justin wants consol / inty picture of whole / Retail

* FU Blake wants schematic
AD - Behind the meter (DSM)
Reduce demand

Ref - EOL profitability

JL - Mays falling but offer by ↑ vol.

2nd Bid / offer income but not quantifiable

NG mkt very liquid

Right 80% on position.

No fee for EOL very attached

Pamela - Bid / Offer 25

Trading 50

Orig.

25

Pecker, 5, 1, 2 of 50 6, 12

Highly tilted to trading

JL -

Dom. mkt. position

FU

Need to disable phone in
Board room

EC37349A0030698

[Benson, McMahon, By, Casey, Felt, Lyle]

KLL - Shaved need to conduct bus. ↓

keep motivated input & workflow

- Reviewer priorities

- Whole sale

- Retail - P/L & White disengaged not

executing, KLL learned of not right along '01.

- P/L's / EGAS - staying to finish

- Cap. Strategy

- Consider doing or being bought

Foster - Pioneer spirit

longer to others

Shut w.

Compliments a corridor

Legal - Permit

India - "prudent" defense

no reg. ruling, no ruling

Inquiry

Moved today in Con H (Hto for

inj. against their money in India

Calif. -

- Senate Comm agreement re: what manuf
or does spend

- Class action moved before state judge a

Sen. Dwyer to decide who hears

Persons about judge's association w/ 2 plaintiff
lawyer.

EC37349A0030699

1:25

EC37349A0030700

AF - ^{Simon} ~~FIM~~ had shown just & compare to date

① ~~know~~

② Equity entry for stand alone inv.

Paul - Should know of spending & in today's mkt?

AF - Every \$ out the door is reviewed

- ~~the~~ Should not stop transaction
- If draw line @ \$250, we have big decision
- Mgmt will make relaying going commitment in any way.

- Closing of P66 key

- Sale of ^{DDrashtov} ~~Public~~ plant key

\$400 M cash proceeds, 5x FBTDA
50/50 prob

George - Asset needs to be critical to Enron's future strategy.

KLL - Very impl 1) Key part of strategy needs to increase cash flow
2) Any earnings guidance + non-recurring

Blake - ~~the~~ Condition of sale of other assets to approach net inv.

KLL - ~~Wesson~~ Goodwill

Wendy - Plant questioned

cap. \$500 m limit

[George left]

Location - 40 mi. from Houston

Environ - 1500 acre site

Big empl in city, 350 people

- Greenfield.

- Tax abatements

Jim - GP wanted to

[Wholly left] to a specialty paper co. Selling @
work time - price low.

[George in, Wholly left]

Demers - Luxury of waiting on G.D. decision?

- 40 income - \$75 m ship

(8) mds

567 non-cash earnings

EC37349A0030526

Belfer - Fisher supply 10. mkt

[PHR Out, G. Mc Cormick Jr]

Duncan - Proj S/Wood

Subject to Tues ann \pm

" to GW outcome \pm Imp.

" to retig agency position Imp.

Blake - BoD very accountable for mkt decision
^{enormously} cyclical business in difficult econ environment

Whalley - Advent of a necessary cycle? (Duncan -)

Down cycle is good times to build businesses.

Whalley - ARX, NPL, EBS - did not plan w/ right way.

- selling newspaper - sell things that don't flow w/

- hard to op. w/ flow w/ imp.

KLL - Hold another BoD mtg. to consider

2 weeks from 10/8 before mtg.

10/15 targeted date.

Heath - Opp to re-price? Swap most likely to re-price.

Py - Alternate idea

FU ★ Duncan - Mtg in next 2 wks

11:00 EWA Semi —
P.D

EC37349A0030504

PHR Notes



BOARD OF DIRECTORS' MEETING

October 9, 2001

EC37349A0030444

Non-Recurring Earnings

Third Quarter 2001

(\$ in millions)

	<u>Pre-tax</u>	<u>After-tax</u>	<u>E.P.S.</u>
Recurring Earnings	<u>\$ 521</u>	<u>\$ 396</u>	<u>\$ 0.43</u>
Non-Recurring Items:			
Azurix Asset Sales <i>[Impair all of AZX but necessary]</i>	(310)	(310)	(0.34)
Broadband <i>Inv. Sec. Conts.</i>	(281)	(183)	(0.20)
Loss on Investing Activities*	(711)	(462)	(0.51)
Total Non-Recurring Items	<u>(1,302)</u>	<u>(955)</u>	<u>(1.05)</u>
Anti-dilution			(0.11)
Total Earnings	<u><u>(\$781)</u></u>	<u><u>(\$559)</u></u>	<u><u>(\$0.73)</u></u>

* Pending New Power market movement

EC37349A0031614

② • Descriptive of New Segments

Third Quarter - Recurring Earnings by Segment

(\$ in millions)

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Enron Transportation Services	\$ 83	\$83	\$ 293	\$ 288
Portland General ^② regulatory ↓ power prices (short (3)	74	74	122	241
Global Assets ^{power; load > gen. supply)} ^{long position (losses) with gains} 16	26	26	34	140
Americas ^① Very strong ^{then New reg. mechanism is plus} 646	548	548	2,567	1,134
Retail Risk Management	43	-	(665)	-
Europe and Other Energy Mkts ^④ Small, but new ↑ 67	40	40	265	216
Energy Services ^③ Very strong	71	27	171	79
Broadband Services	(80)	(20)	(217)	(28)
Corporate & Other	(67)	(111)	(206)	(170)
Interest, MI, & Income Tax	(380)	(375)	(1,158)	(981)
Recurring Net Income	<u>\$ 396</u>	<u>\$ 292</u>	<u>\$ 1,206</u>	<u>\$ 919</u>

EC37349A0031615

Enron Corp.
Reserves
(\$ millions)

	9/30/01	6/30/01	3/31/01	12/31/00
PGE				
Sullivan plant reclamation reserve	20	20	20	20
Allowance for doubtful accounts	25	22	19	10
North America				
Allowance for doubtful accounts	355	559	480	106
Credit	450	350	323	288
Valuation - gas and power	87	277	401	435
EES Specific Deal Reserves	415	248	-	-
PG&E Credit Claims	50	111	-	-
Other specific transactions	87	98	143	58
California and N. West political risk	21	47	47	47
Bammel monetization reserve	-	35	35	35
California tariff risk	-	-	319	-
TVA settlement	-	-	-	253
	<u>1,465</u>	<u>1,725</u>	<u>1,748</u>	<u>1,222</u>
Europe				
Credit	104	114	117	131
Global Exploration and Production				
Allowance for doubtful accounts	11	11	17	17
South America				
Credit	-	-	-	33
CALME				
Dom Rep hotel litigation & A/R reserve	-	-	-	3
Madosa sale - deferred revenue	-	13	13	13
EIM				
Credit	25	14	-	-
Corporate				
Tax reserve related to years under audit (a)	285	285	285	285

(a) Tax years under audit are 1996 forward.

California A/R reserves at 60% 3Q; 80% 2Q
Reevaluated monthly

Reserve used in second quarter
Settled first quarter 2001

② Reserve down. Biggest change:
- SOCIAL book position value charged; reduced reserves noted
- Cal CTC 80% → 60%
approp. given reg. discussions
cautiously optimistic

A/R written off following renegotiation of PPA
Amortization of call option

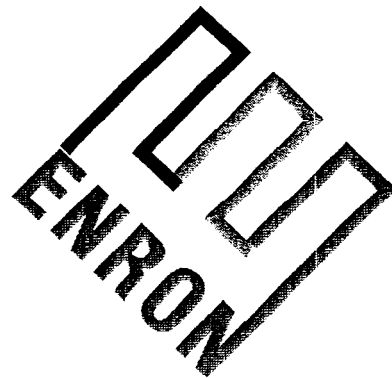
③ ↓ in 3Q in reserve,
↑ overall for 2002

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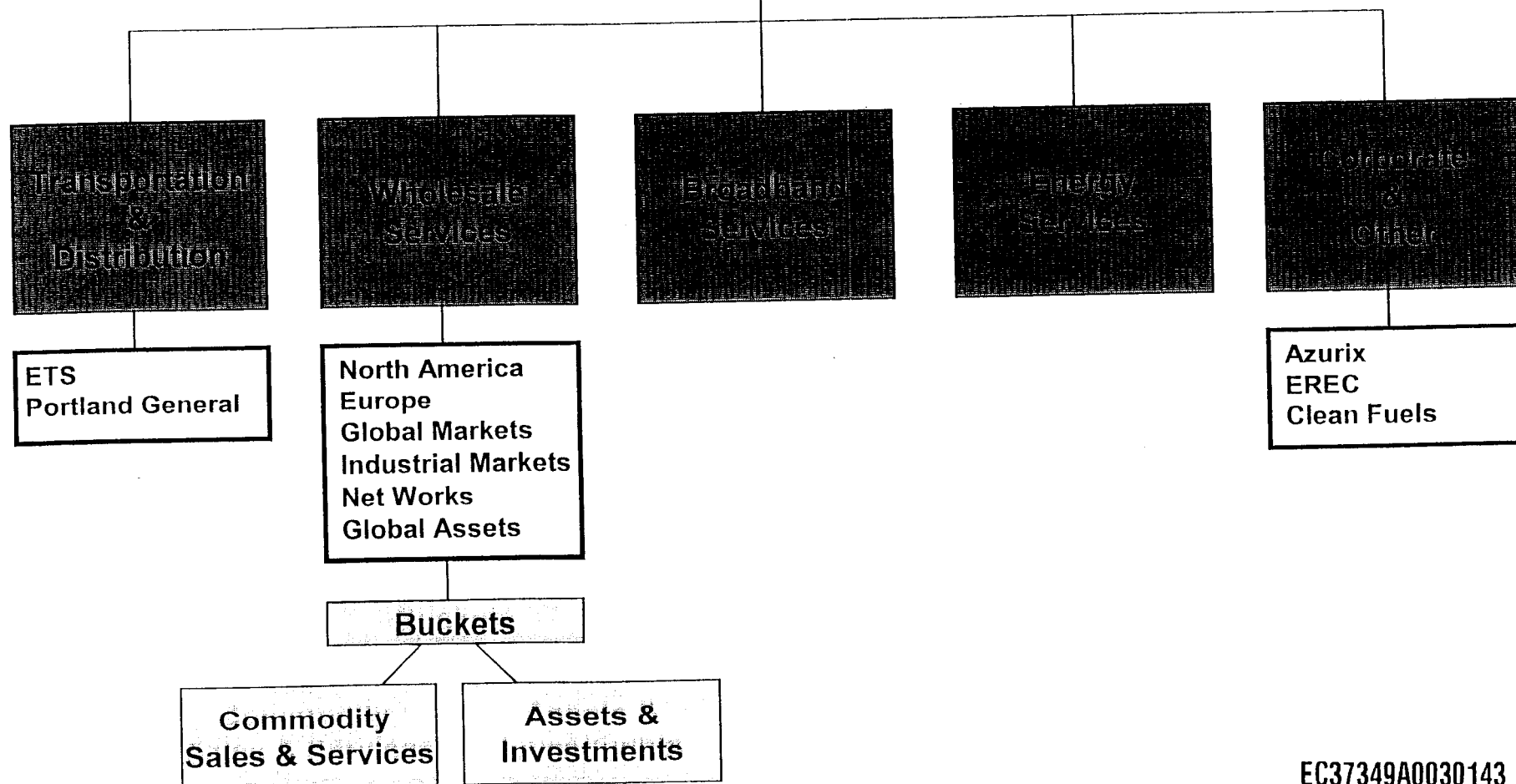


Financial and Earnings Report

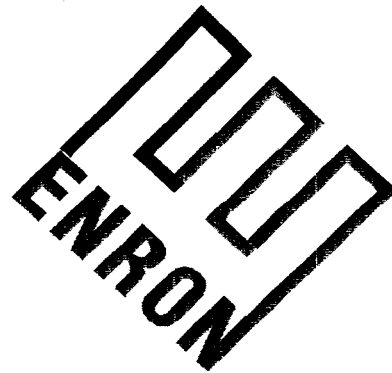
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Previous Organization



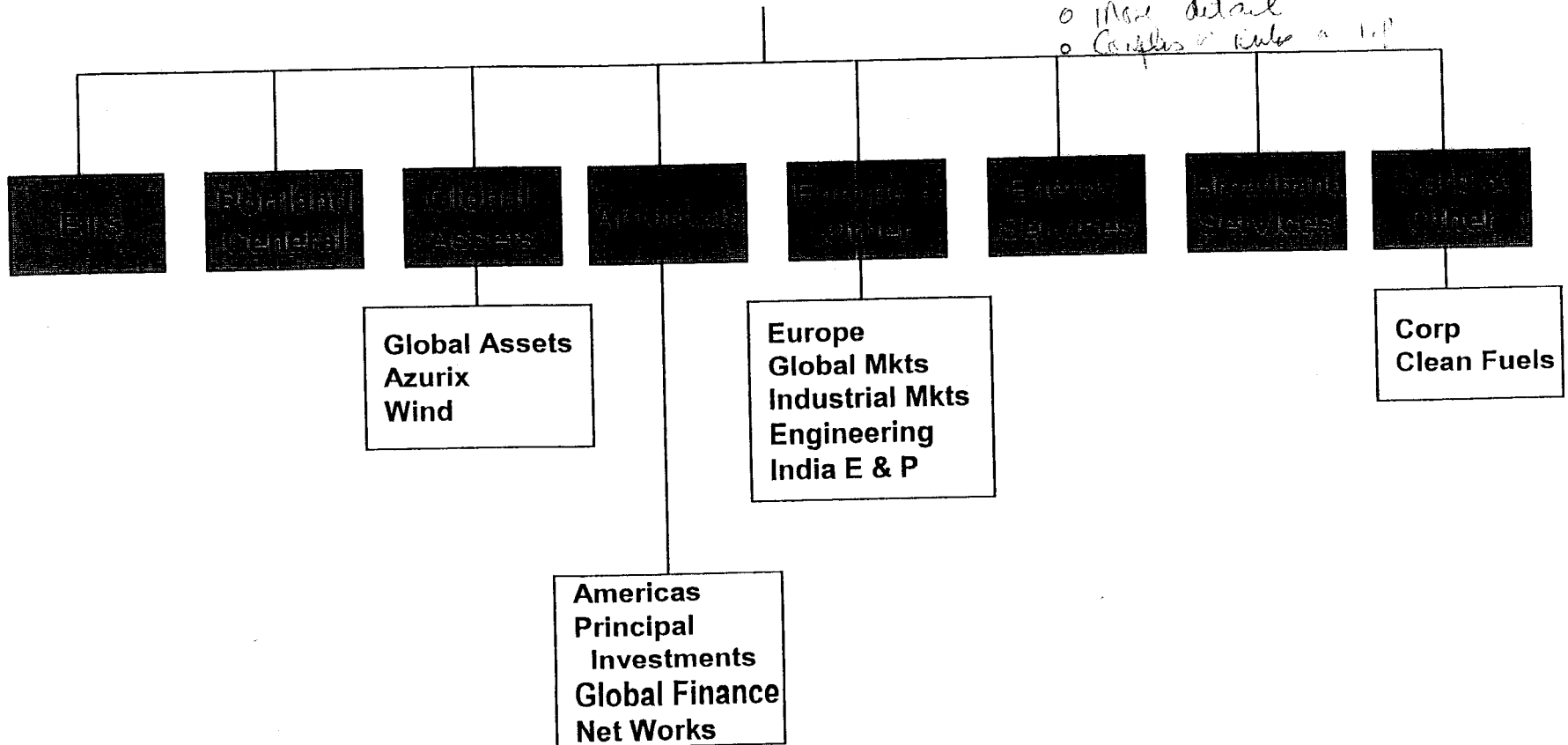
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Revised Organization

- 30
- 8 Segments
- Global - New Int'l, APX

- More detail
- Complex & Risky



EC37349A0030144

Additional Disclosures Earnings Release

- **Previously disclosed for Wholesale and Retail segments:**

**Revenues
Income Before Interest & Taxes (IBIT)**

- **New disclosures for every segment:**

**Revenues
Cost of Sales
Operating Expenses
Depreciation and Amortization
Equity in Earnings
Other, net**

*Not
Previously
for shared
Wholesale*

Income Before Interest & Taxes (IBIT)

EC37349A0030145

Additional Disclosures

10-Q

- Previously disclosed for every segment:

at least annually

IBIT (including detailed components)
Total Assets

- New disclosures for every segment:

IBIT

Allocated Interest

- allocate I.B.T.

Allocated Taxes

Net Income

*Additional disclosure
1/yr or annually
(at least
annually)*

Total Assets

Management's Estimate of Capital Deployed

Return on Capital Deployed

EC37349A0030146

Recurring Earnings Per Share Third Quarter 2001

• Release 10/16
• 43d
SE > Plan

Plan

Actual

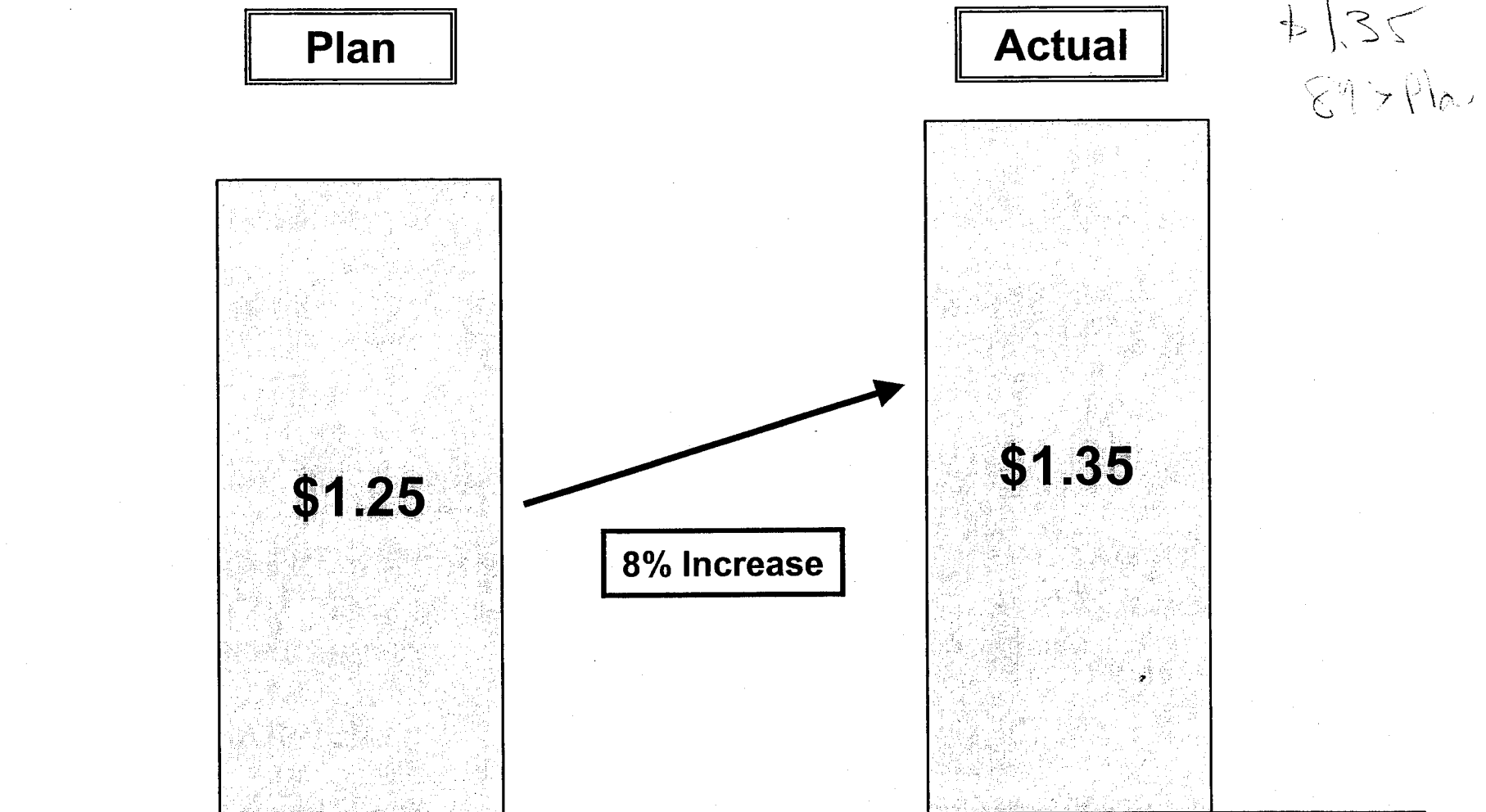
\$0.41

\$0.43

5% Increase

EC37349A0030147

Recurring Earnings Per Share Nine Months Ended September 30, 2001



EC37349A0030148

Third Quarter

Estimated Recurring Net Income by Segment

(\$ in millions)

regional
- On plan
- PGE underperformed
- Plan assumed sale

- PG short gen. Buy power
to fill gap. Power prices
↑ they lost &
on receive

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>Plan</u>	<u>Actual</u>	<u>Plan</u>	<u>Actual</u>
Enron Transportation Services	\$ 31	\$ 32	\$ 120	\$ 121
Portland General	-	(13)	48	43
Global Assets - Debbal - electric power network	10	(3)	153	(10)
Americas - Success story - 87% ↑ our Plan - 2x Plan YTD	216	404	700	1,638
Retail Risk Management - Small gen - 30 Infrastructure challenge YTD (435) tent. increase ETS Reserve 4 (excl. utilities) Stability	21	(439)	-	(439)
Europe and Other Energy Mkts	123	37	320	152
Energy Services (50) below plan (50) Global below plan Ambition 40 goals Dry activity	39	41	90	90
Broadband Services	(23)	(50)	(59)	(137)
Corporate & Other - Loss Plan, Lower margin opps High cost	35	(73)	(261)	(252)
Recurring Net Income	<u>\$ 361</u>	<u>\$ 396</u>	<u>\$ 1,111</u>	<u>\$ 1,206</u>

Q- Oversee @ Corp: On track for yr.

EC37349A0030149

Non-Recurring Earnings

Third Quarter 2001

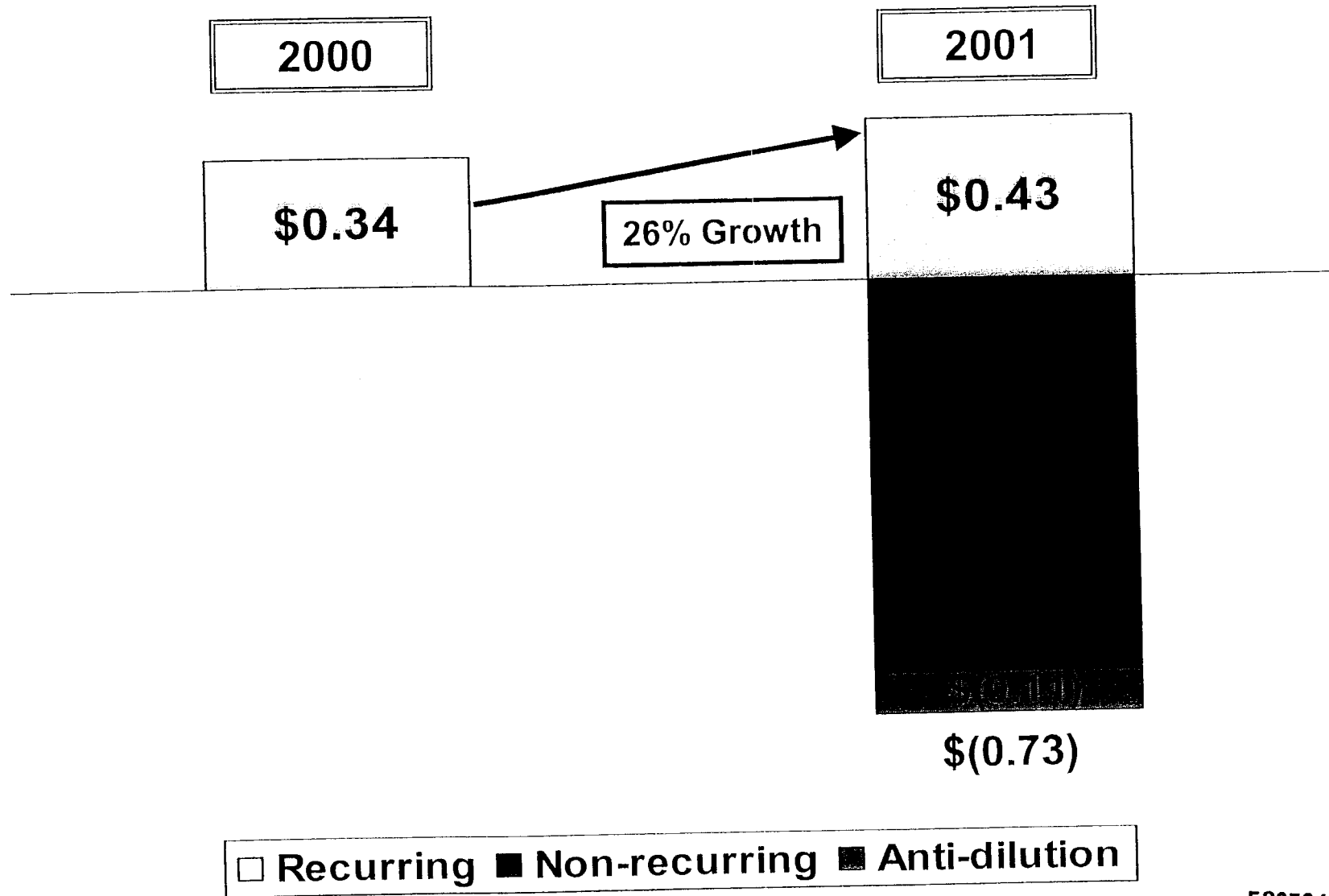
(\$ in millions)

	<u>Pre-tax</u>	<u>After-tax</u>	<u>E.P.S.</u>
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Loss on Investing Activities*	(711)	(462)	(0.51)
Total Non-Recurring Items	<u>(1,302)</u>	<u>(955)</u>	<u>(1.05)</u>
Anti-dilution			(0.11)
Total Earnings	<u><u>(\$781)</u></u>	<u><u>(\$559)</u></u>	<u><u>(\$0.73)</u></u>

* Pending New Power market movement

EC37349A0030150

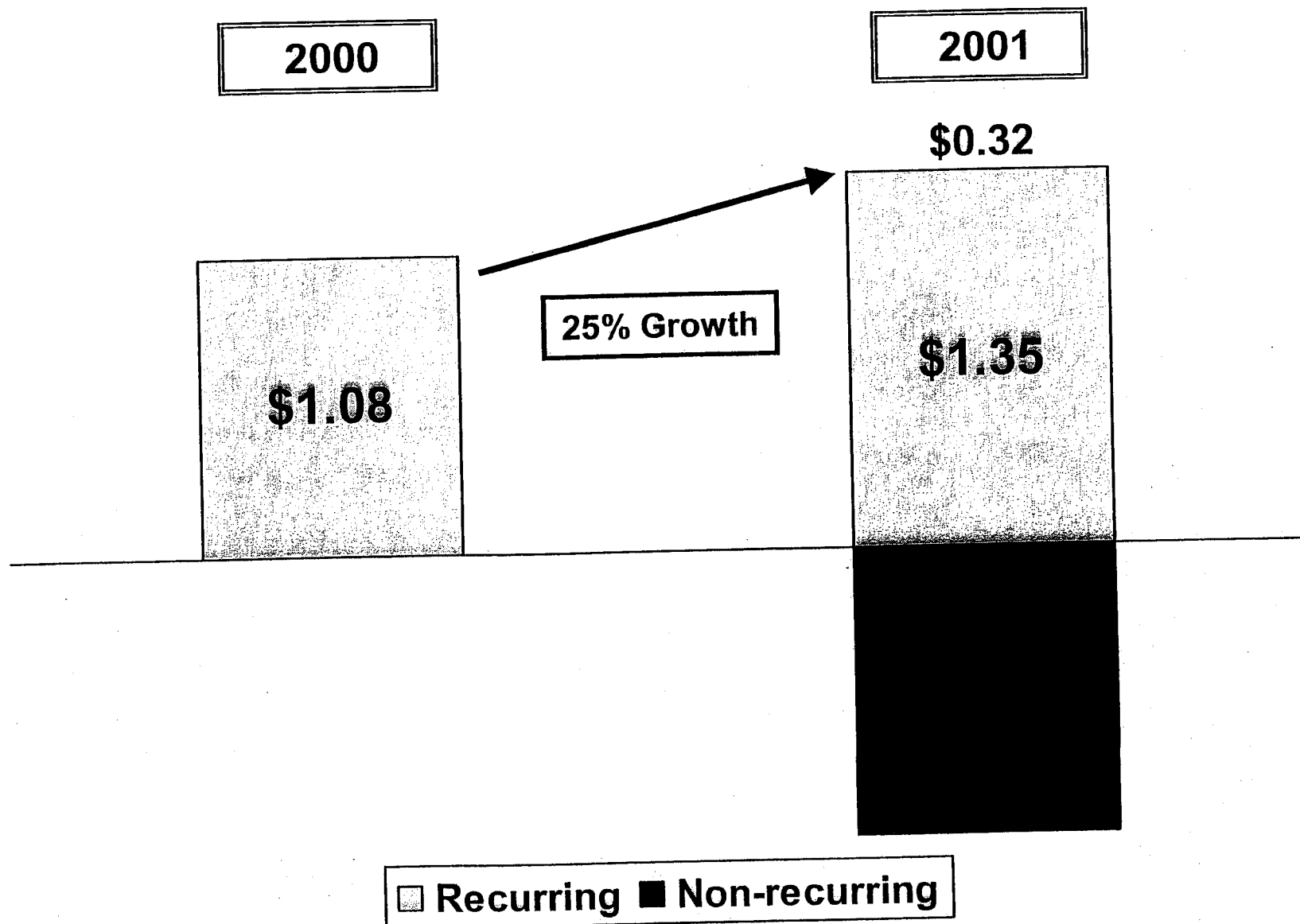
Earnings Per Share Third Quarter



EC37349A0030151

Earnings Per Share

Nine Months Ended September 30,



EC37349A0030152

Third Quarter - Recurring Earnings by Segment

(\$ in millions)

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Enron Transportation Services	\$ 83	\$83	\$ 293	\$ 288
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Americas	646	548	2,567	1,134
Retail Risk Management	43	-	(665)	-
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Corporate & Other	(67)	(111)	(206)	(170)
Interest, MI, & Income Tax	(380)	(375)	(1,158)	(981)
Recurring Net Income	<u>\$ 396</u>	<u>\$ 292</u>	<u>\$ 1,206</u>	<u>\$ 919</u>

① Tax UP
more taxable
24% tax rate
- Orig to test
- Comp to test

EC37349A0030153

Balance Sheet Debt

(\$ in millions)

	2001			2000
	June YTD	3rd Qtr Activity	Estimated Sept YTD	Sept YTD
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)

Funds Flow from Operations	1,804	461	2,265	288
Change in Working Capital *	(800)	(526)	(1,326)	(729)
Changes in Deposit / Margin Activity	(2,342)	(185)	(2,527)	541
Cash Flow from Operations	\$ (1,338)	\$ (250)	\$ (1,588)	\$ 100

Imp Trends

① Monetizing portfolios; Have cash track

② Rec'd 3.2 bil rate 100. rate'd shot + some
Offset improved Funds Flow

③ Wk up due to active Sept. settlement collected early Oct.

* Excluding Deposit/Margin Activity

EC37349A0030154

Balance Sheet Debt

(\$ in millions)

	2001			2000
	<u>June YTD</u>	<u>3rd Qtr Activity</u>	<u>Estimated Sept YTD</u>	<u>Sept YTD</u>
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Cash Flow from Operations	(1,338)	(250)	(1,588)	100
Proceeds from Sales of Assets	① 1,423 - P&L 10/13 HPL	② 224 - Capital, Finance	③ 1,647	222
Capital Expenditures	(1,200)	(414)	(1,614)	(1,549)
Equity Investments	(1,383)	(82)	(1,465)	(2,275)
Cash Used in Investing	<u>\$ (1,160)</u>	<u>\$ (272)</u>	<u>\$ (1,432)</u>	<u>\$ (3,602)</u>

④ 2.5
⑤ .5
⑥ AZX buyback

EC37349A0030155

Balance Sheet Debt

(\$ in millions)

	2001			2000
	<u>June YTD</u>	<u>3rd Qtr Activity</u>	<u>Estimated Sept YTD</u>	<u>Sept YTD</u>
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Cash Flow from Operations	(1,338)	(250)	(1,588)	100
Cash Used in Investing	(1,160)	(272)	(1,432)	(3,602)
Dividends	(256)	(143)	(399)	(396)
(Increase)/Decrease in Cash on Hand	528	495	1,023	(409)
Other	(357)	(124)	(481)	(1,322)
Period Activity	<u>(2,583)</u>	<u>(294)</u>	<u>(2,877)</u>	<u>(5,629)</u>
Period Ending Debt Balance	<u>\$ (12,812)</u>		^① <u>\$ (13,106)</u>	<u>\$ (13,781)</u>
Funds Flow / Interest	4.76		^② <u>4.21</u>	1.40

EC37349A0030156

Balance Sheet Debt

(\$ in millions)

	2001		
	Sept YTD	Full Year Estimate	Revised Plan
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Funds Flow from Operations	2,265	① 2,900	2,925
Change in Working Capital *	(1,326)	② (97)	(50)
Changes in Deposit / Margin Activity	(2,527)	③ (2,562)	(1,000)
Cash Flow from Operations	<u>\$ (1,588)</u>	④ <u>\$ 241</u>	<u>\$ 1,875</u>

Leaver
\$700 MM for 4Q

Collect
All receivables

Factory

Flat

Low, but added
\$2.9 bil FF
offset by Dep

* Excluding Deposit/Margin Activity

EC37349A0030157

Balance Sheet Debt

(\$ in millions)

	2001		
	Sept YTD	Full Year Estimate	Revised Plan
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Cash Flow from Operations	(1,588)	241	1,875
Proceeds from Sales of Assets	1,647	① 2,274	1,939
Capital Expenditures	(1,614)	(1,888)	(1,310)
Equity Investments	(1,465)	(1,841)	(2,228)
Cash Used in Investing	<u>\$ (1,432)</u>	<u>\$ (1,455)</u>	<u>\$ (1,599)</u>

EC37349A0030158

Balance Sheet Debt

(\$ in millions)

	2001		
	<u>Sept YTD</u>	<u>Full Year Estimate</u>	<u>Revised Plan</u>
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Cash Flow from Operations	(1,588)	241	1,875
Cash Used in Investing	(1,432)	(1,455)	(1,599)
Dividends	(399)	(538)	(540)
(Increase)/Decrease in Cash on Hand	1,023	1,023	-
Other	(481)	(482)	(532)
Period Activity	<u>(2,877)</u>	<u>(1,211)</u>	<u>(796)</u>
Period Ending Debt Balance	<u>\$ (13,106)</u>	^① <u>\$ (11,440)</u>	<u>\$ (11,025)</u>
		<i>Slight over Plan</i>	
Funds Flow / Interest	4.21	^② <u>4.02</u>	4.07
		<i>vs. 4x needed to maintain ratings</i>	

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Capital Deployed September 2001 Estimate

(\$ in millions)

	ETS	PGE	EGAS	Americas	Europe / Other	EBS	Retail	Corp & Other	Total
② Net Assets	2,677	2,550	5,738	12,399	2,144	698	1,103	(1,351)	25,958
③ Allocated Debt Min. Int., & Pref.	2,141	1,108	1,454	6,195	308	-	439	4,759	16,404
Equity Capital	536	1,442	4,284	6,204	1,836	698	664	(6,110)	9,554
④ Debt / Total Capital	80%	42%	13%	50%	13%	0%	40%		50%

① still refining

whole 7
sum of parts

③ Assumed
like sale
terms

Based on Debt/Op for each business

⑥

EC37349A0030160

Capital Deployed

September 2001 Estimate

(\$ in millions)

	<u>ETS</u>	<u>PGE</u>	<u>EGAS</u>	<u>Americas</u>	<u>Europe / Other</u>	<u>EBS</u>	<u>Retail</u>	<u>Corp & Other</u>	<u>Total</u>
Equity Capital	536	1,442	4,284	6,204	1,836	698	664	(6,110)	9,554
Net Income	121	43	(10)	1,199	152	(137)	90	(252)	1,206
Return on Equity	30%	4%	-	26%	11%	-	18%	-	17%

① High

② Low share
EWA, but 1/2
relates to
FV of APL;
Goodwill of
Electro
\$ 3 billion total

③ had bottom line.

④ Pge - \$1 - \$1.5 assets
what is rest? Causey - Mettled

⑤ Silen - Have not
reported any action
previous

⑥ Lay - High incremental
ROE

⑦ Plan ROE 18% w/o PG 18%
17.7% repay do
19.1 50/50

EC37349A0030161

Summary of Goodwill

(in millions)

Date Stamp
cut off

Reporting Units	June 30, 2001 Goodwill	Amounts Transferred	Proposed Write Off
Portland General	② \$ 1,408 (a)	\$ (900)	Remaining Expenses in Sale
Global Assets & Services	③		
Elektro	583	(583)	Presence in S.A. increasingly + Can be supported for test (FV > F)
Enron Global Power & Pipelines LLC	165	(165)	
Ecoelectrica	165 (a)		
Other	846		③ (89) Pen vent
Industrial Markets – Pulp, Paper, & Steel	372		
Europe (MG Metals)	364		
Americas	45	1,648	
Enron Energy Services	④ Duncan - Examples A - Sold 9% B - Repurchase + 400 GW C - Acq. of services businesses 627		
Enron Broadband Services	55		(55)
Enron Wind	187	EC37349A0030162	
Azurix-Wessex	697 (b)	2 components 1) Non Wessex - 30 write off 2) Wessex - confident can support	
Azurix-Other	213 (a)		
Total	① \$ 5,727 Consolidate	\$ -	\$ (144)

(a) Amount considered in sales occurring prior to adoption of the standard (Q1 2002)

(b) Evaluation ongoing

Blake? Constraint of taking more write off [next slide]

Total Capital

(\$ in millions)

	<u>Dec 2000</u>	<u>Estimated Sept 2001</u>	<u>Estimated Dec 2001</u>	<u>Proforma Sale of PGE & Goodwill</u>
Balance Sheet Debt	\$ 10,229	\$ 13,106	\$ 11,440	\$8,645
Minority Interest	2,414	2,395	2,395	2,395
Preferred Stock of Subs	904	903	903	873
Shareholders Equity	<u>11,470</u>	<u>9,554</u>	<u>9,836</u>	<u>9,692</u>
Total Capital	<u>\$ 25,017</u>	<u>\$ 25,958</u>	<u>\$24,573</u>	<u>\$21,605</u>
Debt / Total Capital	40.9%	50.5%	46.6%	40.0%

① Flexed up

② Incl. all
adj.

③ Target - 44%

⑤ Andy - State of debt & equity
(dispose Debt) - Flexing up
reduce flexibility
⑥ Interested in maintaining flex
⑦ Unseen - Flexing certain into all

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Dir
8:30

Financial and Earnings Report

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8/11 resumed

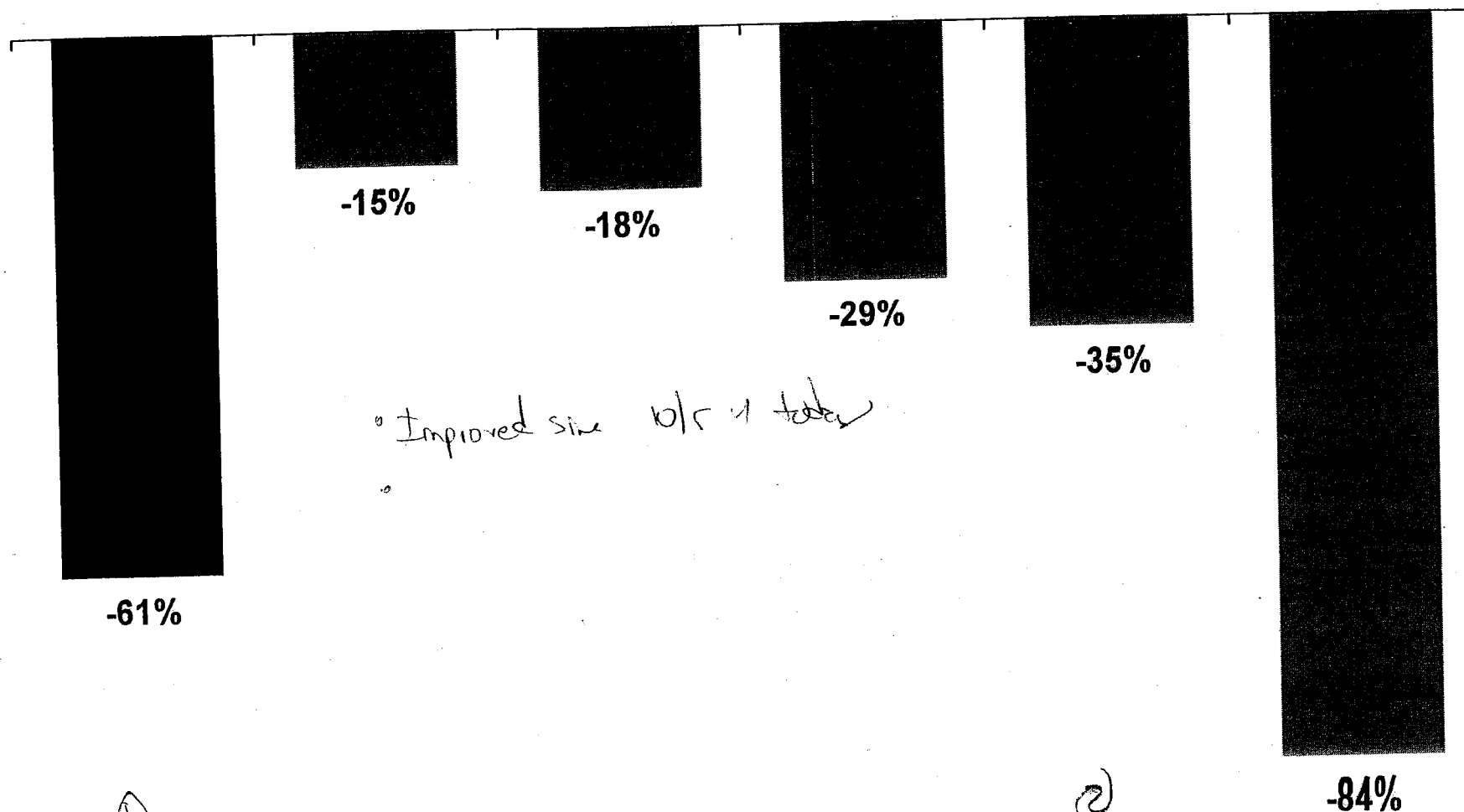


Investor Relations Report

EC37349A0030165

2001 YTD Total Return to Shareholder

(Through 10/5/01)



Improved since 10/5/01 total

①

Enron

DJIA

S&P 500

Energy Peers

②

NASDAQ

Broadband

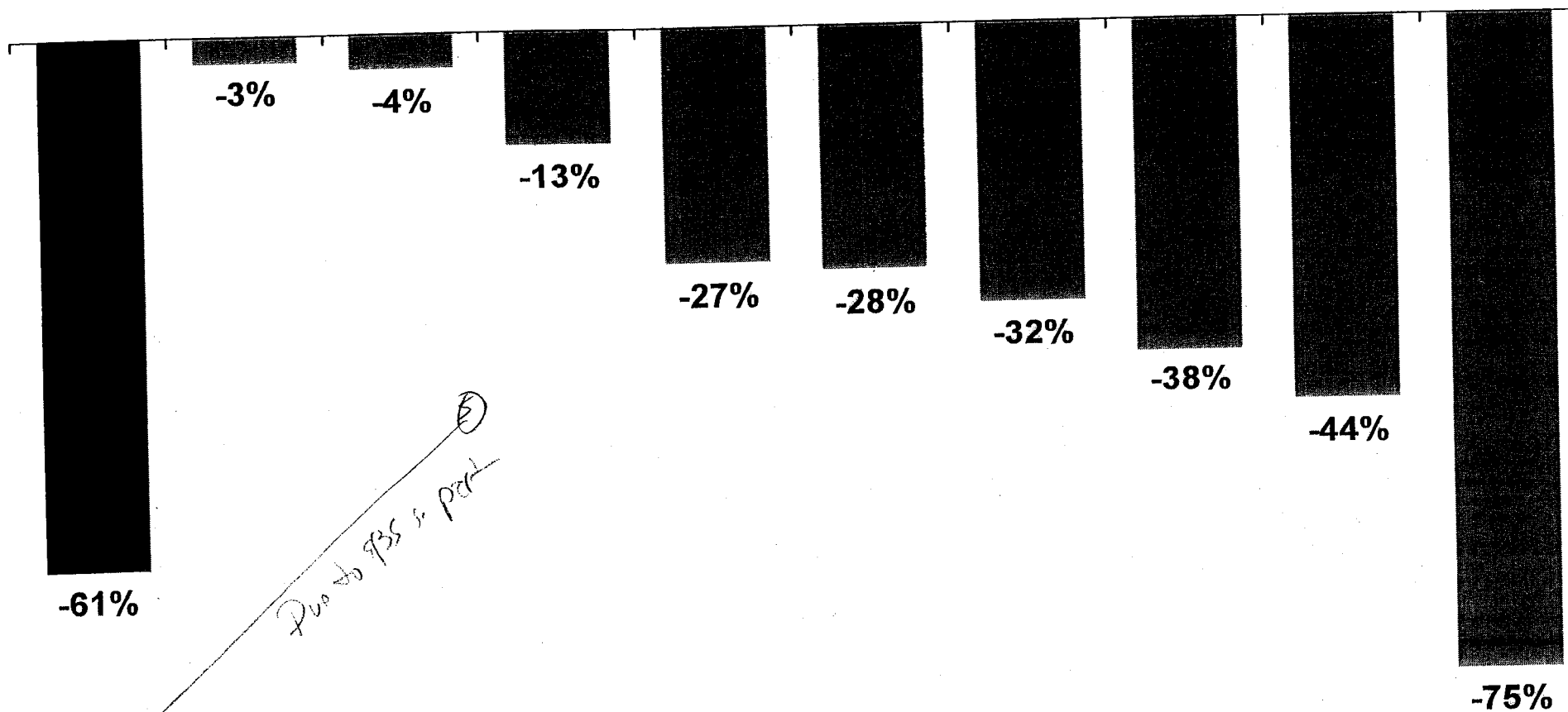
*peers
(AKA
LMT
INAP
LVT)*

EC37349A0030166

④ ↓ 452 RPI } April
ILA } IPOs

Merchant Energy Peers 2001 YTD Total Return

(Through 10/5/01)



Enron

Kinder
Morgan

Duke

Mirant

Williams

Dynegy

El Paso

NRG

Calpine

AES

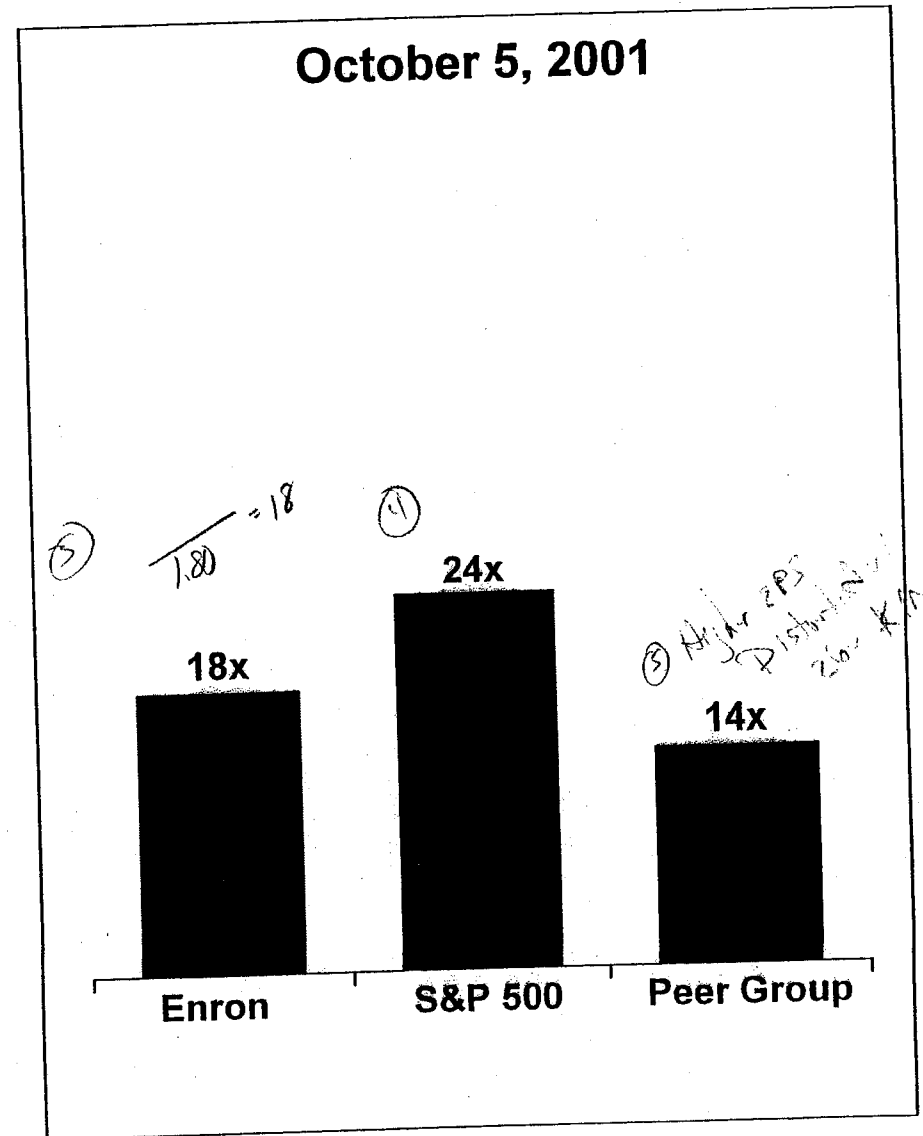
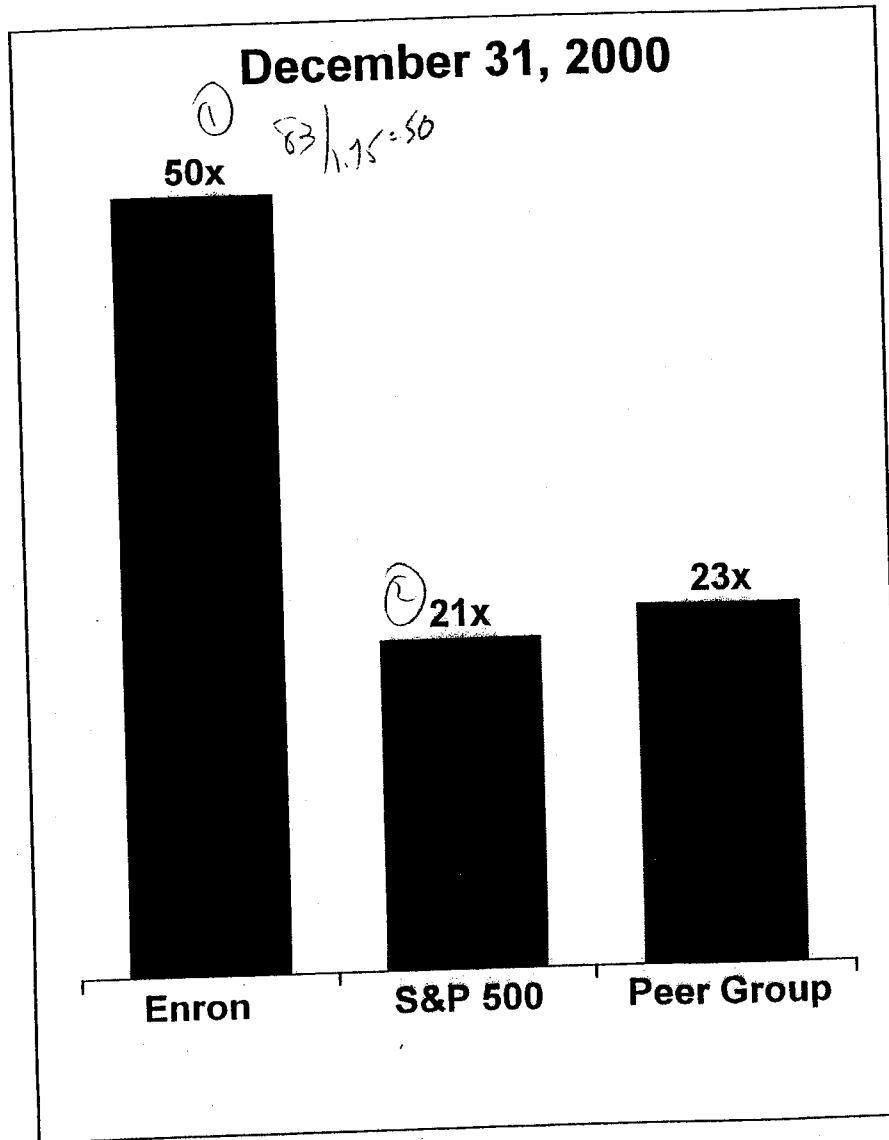
⑤
Due to 935 & part
①
more utility-like

EC37349A0030167

②
left
problem

Relative Valuation

(P/E Ratio*)



*Based on 2001 EPS Estimates

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Largest Shareholders*

① 75% inst.

Name	Shares Held	Location	Change From 8/1/01
① Janus Capital Corporation <i>Jan 20 ↓ Schaefer 17-18 ↑</i>	44,000,000	Denver	2,000,000
② Alliance Capital Management - <i>Al Harris Ret 980 → 120</i>	35,000,000	New York/Minneapolis	13,000,000
Putnam Investment Management	24,500,000	Boston	(4,000,000)
Smith Barney Asset Management	16,000,000	New York	1,400,000
Northern Trust Global Investments	9,200,000	Chicago	-
Fidelity Management & Research	8,500,000	Boston	(4,500,000)
Government of Singapore Investment Corp	8,400,000	Singapore	(2,100,000)
AIM Management Group	8,000,000	Houston	(4,800,000)
Goldman Sachs Asset Management	7,700,000	New York	950,000
Rorer Asset Management	7,100,000	Philadelphia	-
Rittenhouse Financial Services	6,800,000	Philadelphia	1,900,000
Morgan Stanley Advisors	6,800,000	New York	700,000
Dresdner RCM Global Investors	6,700,000	San Francisco	-
American Express Financial Advisors	6,627,000	Minneapolis	277,000
MFS Investment Management	6,100,000	Boston	300,000
Deutsche Asset Mgmt. Group Ltd.	5,300,000	London	-
Credit Suisse First Boston Asset Management	4,800,000	New York	-
Oppenheimer Funds	4,700,000	New York	240,000
Banc of America Capital Management	4,507,186	St. Louis/New York	-

*Excluding Index Funds

① 15M sh. short

② met w/ all major holders since Joff life

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Largest Potential Shareholders

*Ranked by Purch. Power -
Who could buy more WZ*

<u>Name</u>	<u>Location</u>	<u>Total Equity Assets (Millions)</u>	<u>Primary Investment Style</u>
Capital Research & Management	Los Angeles	\$224,000	Value
Wellington Management	Boston	157,000	Value
Oppenheimer Capital	New York	24,000	Value
J.P. Morgan Investment Management	New York	106,000	Growth
Fayez Sarofim	Houston	43,000	Growth
State Farm Insurance	Chicago	45,000	Growth
T. Rowe Price	Baltimore	85,000	Growth
Davis Funds	New York	40,000	Growth
Barrow Hanley	Dallas	30,000	Value

*\$ 750 bl
total equity*

*2.5 M shares
owned*

- Pms - how are we doing?

*- U of Cal, Bank One, Invesco -
asked*

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Analyst Recommendations

[REDACTED]

A.G. Edwards
Bank of America Montgomery Securities
Bear Stearns
Bernstein
CIBC Oppenheimer
Commerzbank Securities
CS First Boston
Dain Rauscher Wessels
Edward Jones
First Albany
Goldman Sachs
Howard Weil
J.P. Morgan
Lehman Brothers
Merrill Lynch
Prudential Securities
Salomon Smith Barney
Sanders Morris
Simmons & Co.
U.B.S. Warburg

[REDACTED]

Mike Heim
Will Maze
Robert Winters
Duane Grubert
Bill Hyler
Andre Meade
Curt Launer
Mark Easterbrook
Zach Wagner
Bob Christensen
David Fleischer
Rebecca Followill
Anatol Feygin
Richard Gross
Donato Eassey
Carol Coale
Ray Niles
John Olson
Jeff Dietert
Ron Barone

[REDACTED]

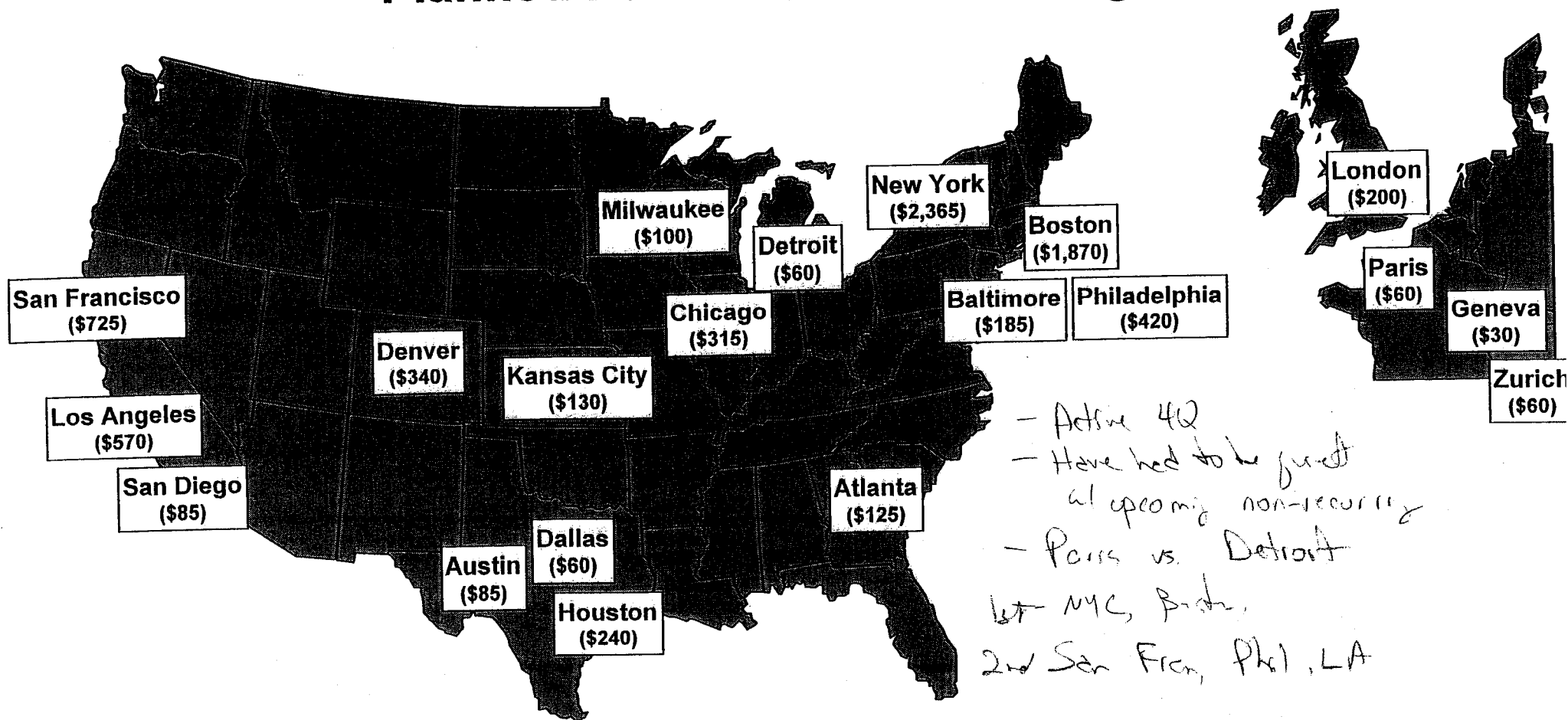
Buy
Strong Buy
Attractive
Buy
Buy
Accumulate
Strong Buy
Strong Buy
Buy
Strong Buy
Buy
Buy
Buy
Strong Buy
Buy
Buy
Buy
Strong Buy
Attractive
Strong Buy

- ASD vs. target price

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Investor Relations

Planned Fourth Quarter Meetings*



Meetings Will Cover All Major Existing Shareholders, Largest Potential Holders, and All Sell Side Analysts

Amounts Indicates Total U.S. Equities Under Management (in Billions).

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Current Investor Concerns

① Improved time

- ② ● **Cash Flow From Operations** Pm's pull up 100;
Don't have time to deal w/ concerns
- ③ ● **Earnings Composition and Disclosure** - Rev → IBBT gross 1st city
- Net NI / ROC
- ④ ● **Balance Sheet Strength and Liquidity** Investors know goodwill
- ⑤ ● **Progress on Asset Sales** - Set high goal last yr.
- Investors expect
- ⑥ ● **Effects of Lower Natural Gas and Power Prices, and Lower Volatility**
- **Financing Vehicles and Potential Equity Issuance Requirements** Whitely, Raptor disclosed; difficult to understand disclosure
- **California** 1st 2 last time;
Celtic. time better w/ PGE / Solar announcements
- **India**

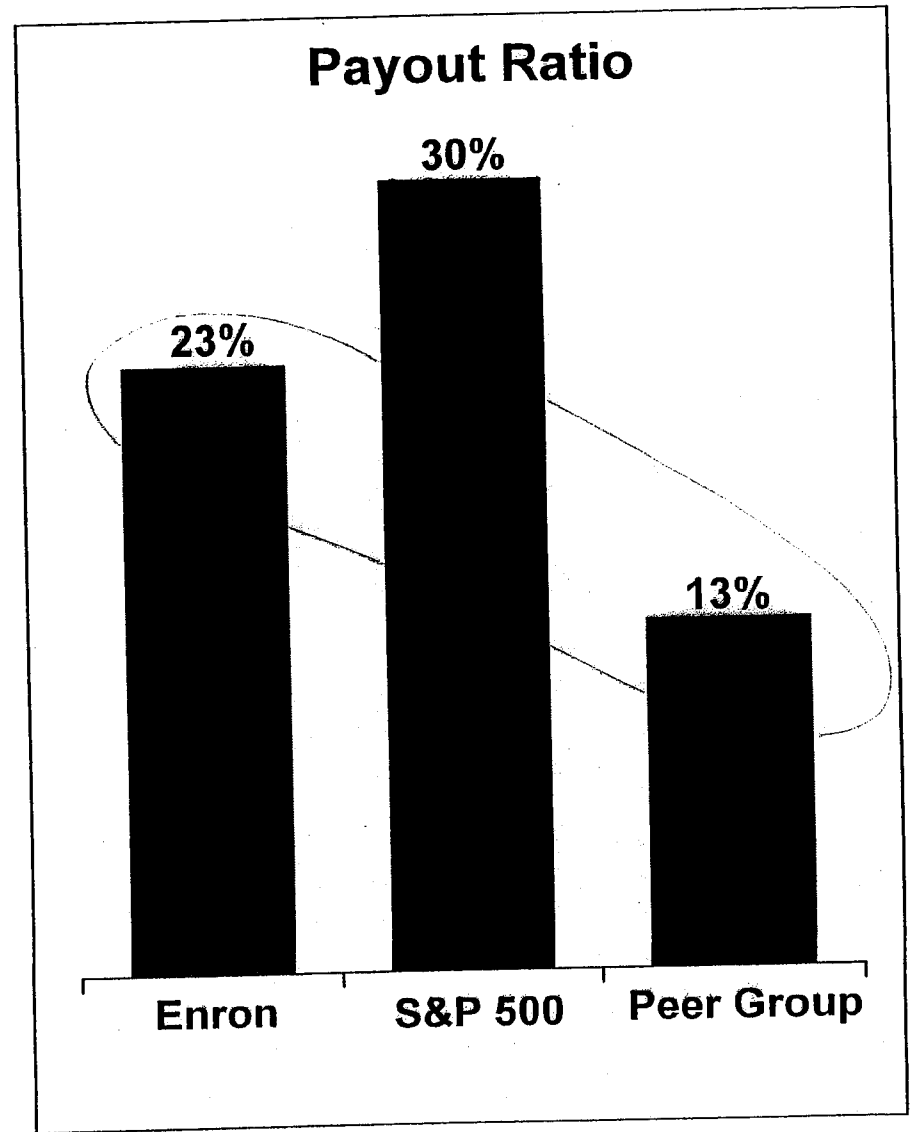
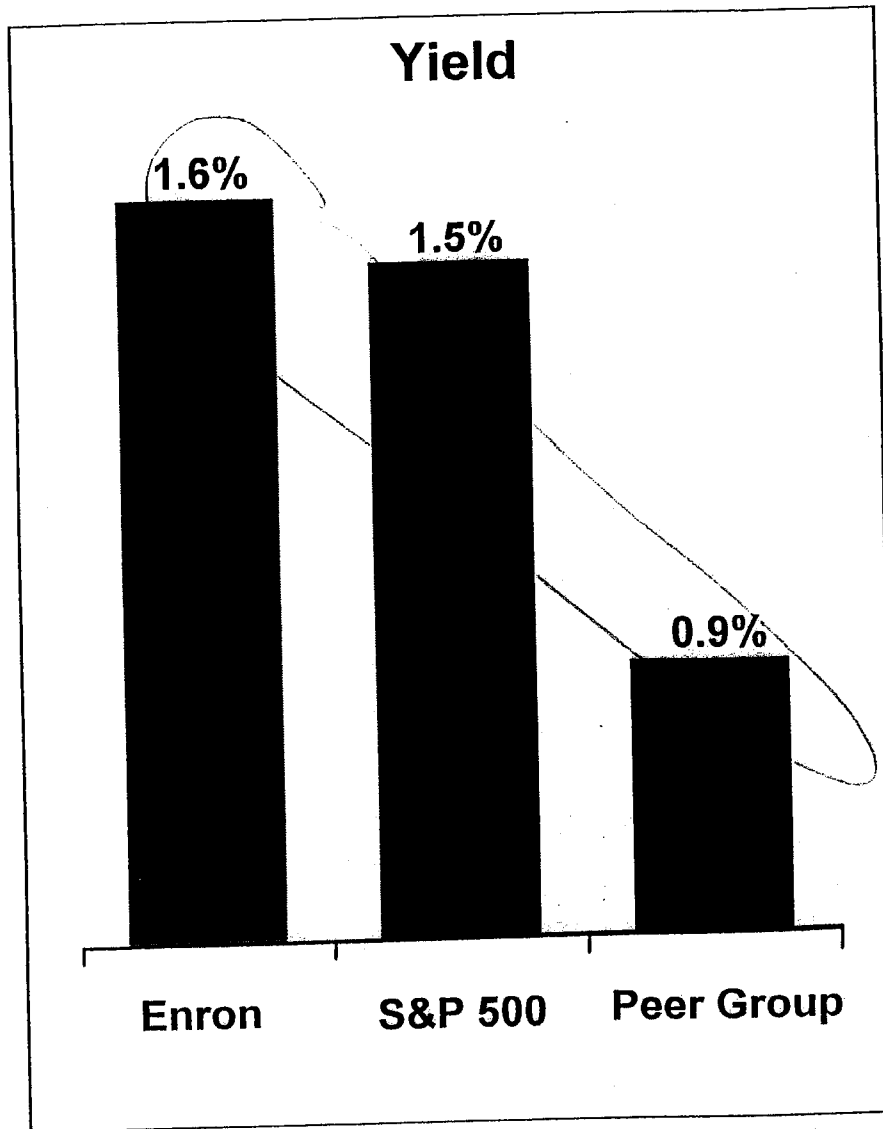
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Enron Common Stock Dividend

- ① ● Currently \$0.50 Per Common Share
- Dividend on Convertible Preferred Tied to Common Share Dividend
- ② ● Total Annual Cash Payment (Including Convertible Preferred) is Approximately \$400 Million
*750 MM basic
40 Conv 5 pref
790 x 50¢ = \$400*
- ③ ● No Increase Since October 1998
- ④ ● Current Yield is 1.6% - Current Payout is 23%

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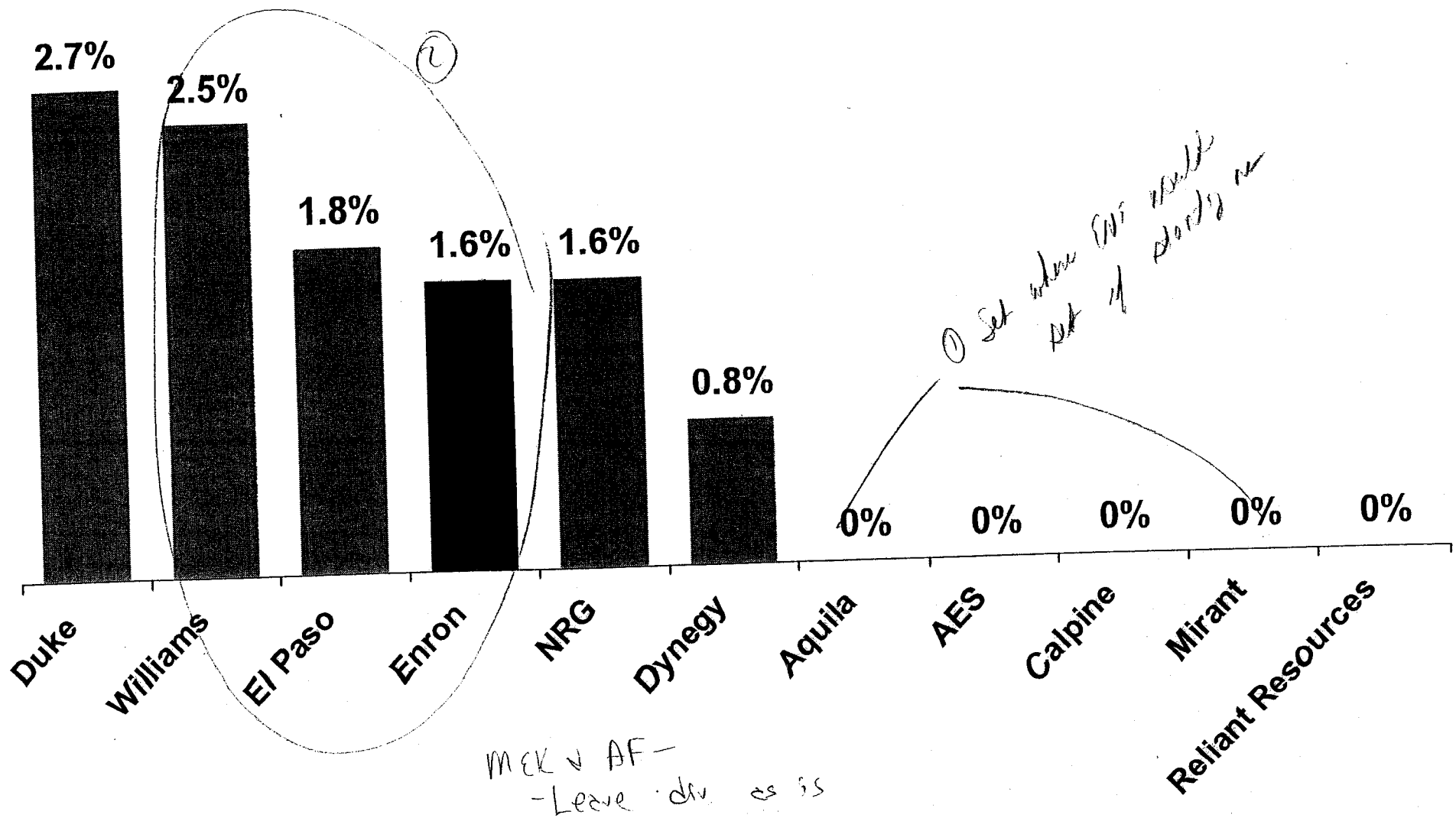
Common Stock Dividend



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Common Stock Dividend Yields

Energy Peer Group

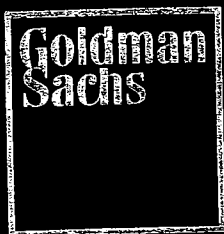


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Investor Relations Report

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V&E

Presentation to Truman

Goldman, Sachs & Co.
Vinson & Elkins L.L.P.
09-Oct-2001

EC37349A0030358



V&E

Table of Contents

- I. Merger Market Overview
- II. How Vulnerable is Truman?
- III. Anti-Raid Preparation
- Appendix A: Expanded Structural Defense Discussion

Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits with no limitations imposed by Goldman Sachs.

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Goldman
Sachs

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I. Merger Market Overview

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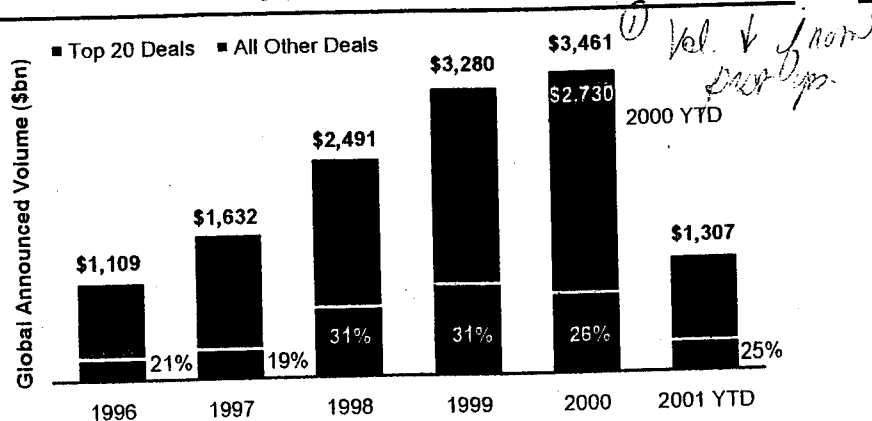
Merger Market Overview

2001 YTD Highlights

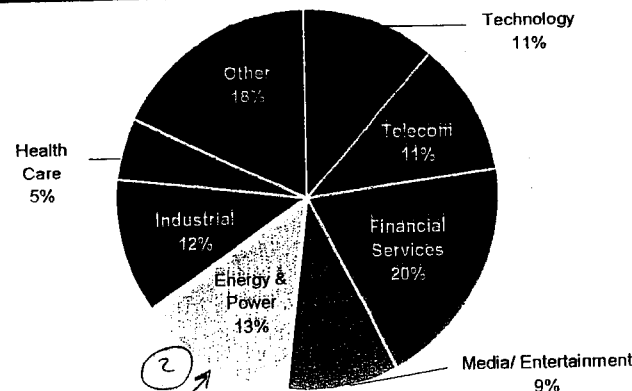
Scott

V&E

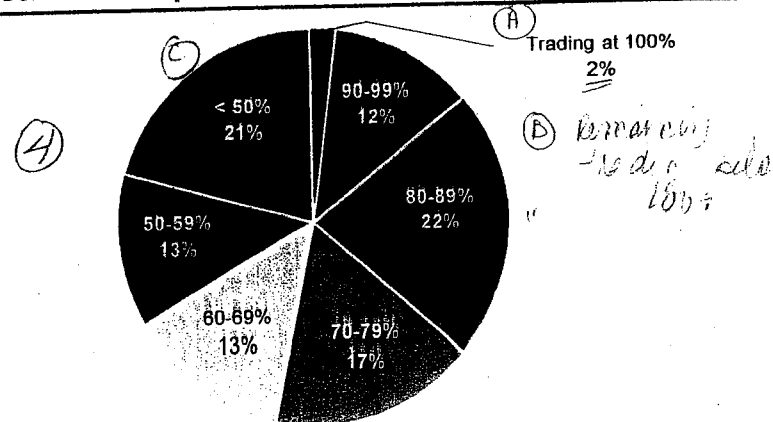
Global M&A Volume



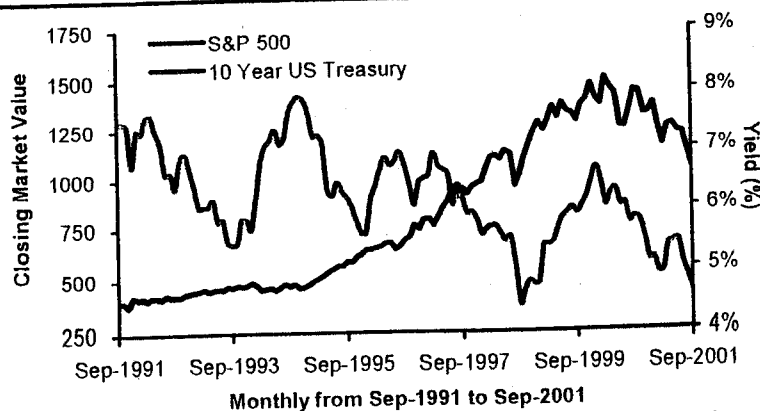
M&A Volume by Industry Sector



S&P 500 Companies Compared to 52-Week Highs¹



Interest Rate and Equity Market Performance



Robust eq. mkt since 1991
350 → 1100

¹ As of September 30.

Int. rates ↓ to fuel mkt
will likely remain low &
fuel hostile M&A

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Hostile / Unsolicited Initiatives

Scott

- There is a resurgence in hostile activity — not all hostile activity becomes public ③
- Structural and other defenses are not stopping raiders
 - Strong structural defenses do enable tactical responses
- Size and intellectual capital are no longer defenses in themselves
- Generally, only 1 out of 3 companies that are raided stay independent ④

1980's
LBO's
1990's

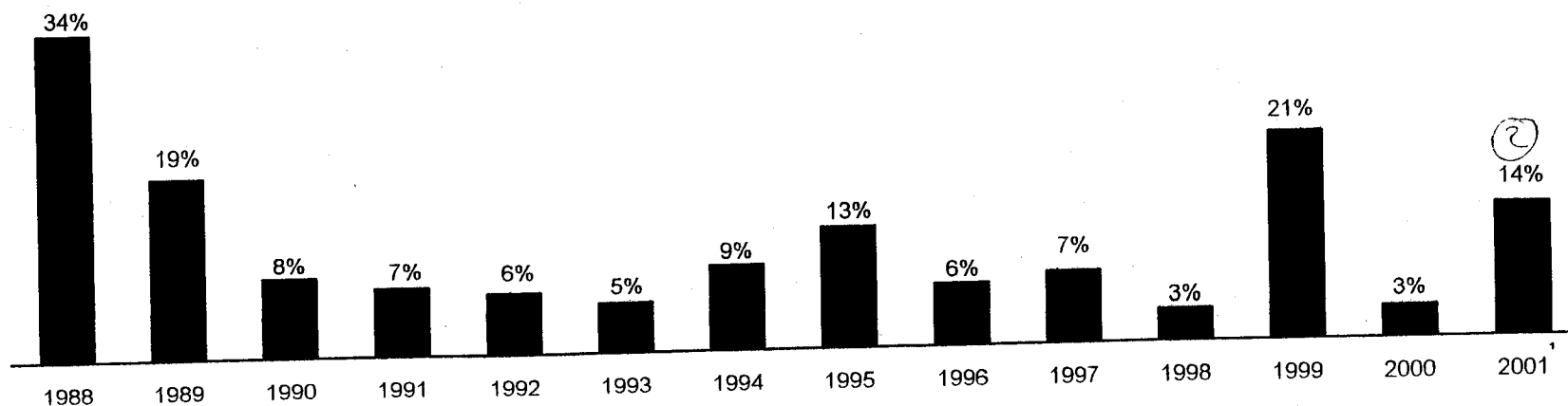
Blue chip corp
solid.
Hostile takeover
managed.
Scope broadened

⑤ Hostile approach after LBO's, more to restructuring /
merger with existing

④ Friendly takeover after
- Bar. by little & B.U.
entirely to B.U. to
blue

① Heavy bid

Global Hostile / Unsolicited Activity



Source: Thomson Financial Securities Data

¹ Through 30-Sep-2001.

Merger Market Overview

5

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Howard Schille

Scott Wulfe

III. Anti-Raid Preparation

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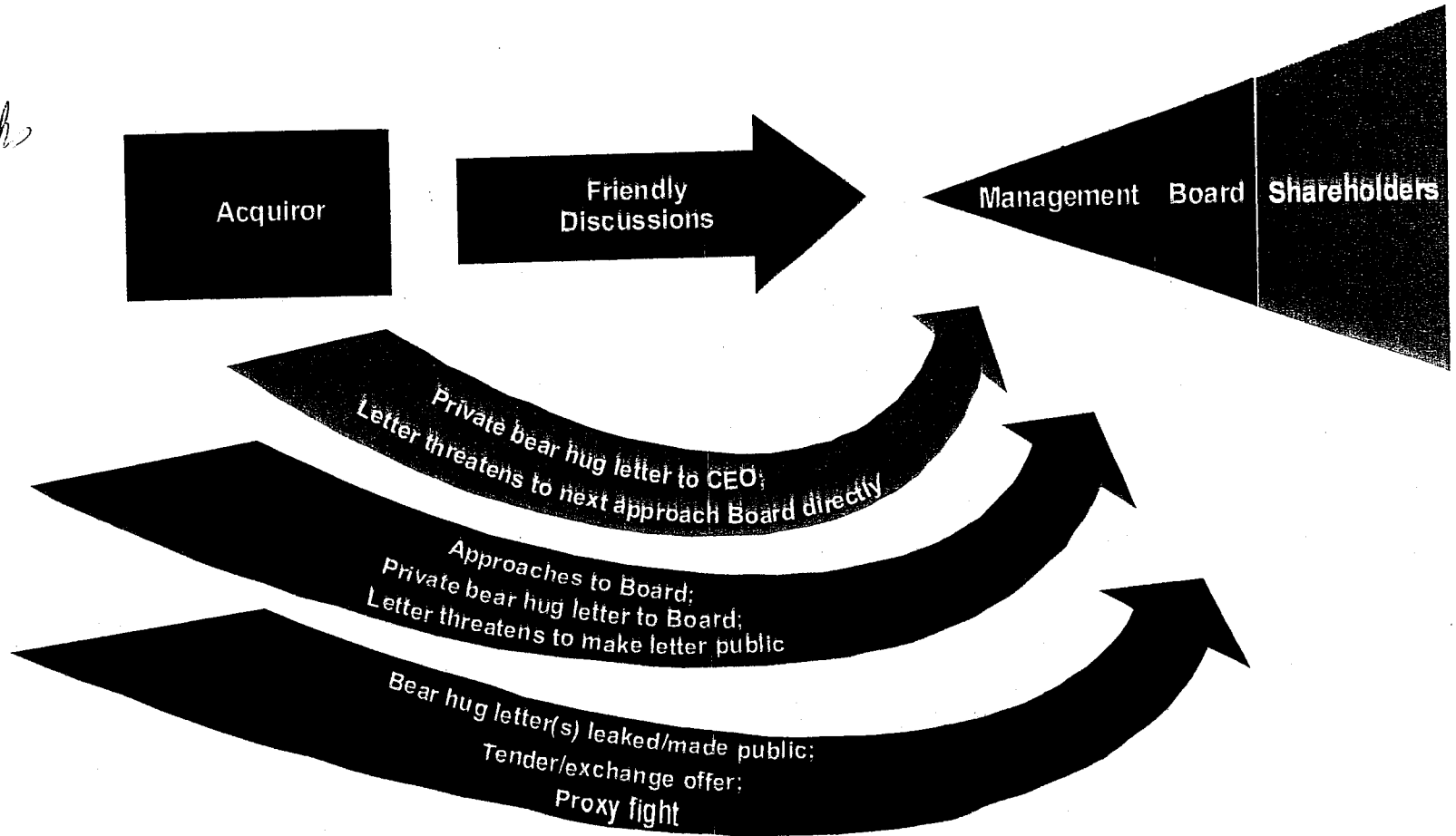


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Potential Approaches of an Unsolicited Acquiror

Howard

Hostile activity takes many forms.



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V&E

Review of Structural Defenses

Scott W.
Hamm
Joi

Currently in Place

- ②
- Federal and Oregon Utility Regulatory Constraints - *will be eliminated at P&G sale.*
 - Effective Elimination of Shareholder Ability to Act by Written Consent *Repealed statute; Unanimous written consent not for ENAR*
 - Advance Notice Requirements for Shareholder Proposals and Notifications *Very strict. 4 mo. advance notice req. Co. would consider w/ ability to call*
 - Oregon Other Constituency Statute *Supposedly controls the rechartering of the corp. w/ 1 mo. notice.*
 - Fair Price Charter Provision
 - Oregon Business Combination Statute (Comparable to Delaware §203)
 - Blank Check Preferred Stock
 - Denial of Cumulative Voting
 - Hostile Change of Control Provisions in Employee Benefit Plans

Other Possible Defenses

- Shareholder Rights Plan
- Staggered Board
- Prohibit Removal of Directors without Cause
- Strengthen Cap On Size of the Board
- Deny Shareholders the Right to Call Special Meetings (only after reincorporation)
- Reincorporate

① Summary of

- Tools in place or readily avail.
for controlled sale & for B&B's-style bid

- Protect vul. (common) in ability to say no

A) s/n could force mtg. to Board

- Strength of Oregon

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Anti-Raid Preparation 12

B) Most common! Co. could take over w/ just 1 mtg. (lack of staggered board)

Strengthening Structural Defenses

Scott

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①

Shareholder Rights Plan

'Poison Pill'

*Not viewed favorably by ind. investors
Adoption*

- Can be adopted by Board on short notice
- Does not require shareholder approval
- Consider having it "on the shelf"; Perhaps present to the Bd. create strong record - hard to rep

Limit/eliminate ability for shareholders to call a special meeting

- Not possible to limit under Oregon law but can indirectly achieve goal by director removal and board size provisions
- Default provision under Delaware law

Staggered Board

My lightning rod for issues

- Difficult to implement due to shareholder sensitivity
- Many peers don't have a staggered Board
- As a result of shareholders' ability to call a special meeting Truman is more vulnerable than peers – and effectively vulnerable at all times during the year

②

Reincorporate in Delaware

- ✓ In conjunction with PGE transaction
- ✓ Consider approving reincorporation at next annual shareholders meeting subject to closing PGE or PUHCA exemption
- ✓ No ability for shareholders to call special meeting under law unless specially provided for
- ✓ Consider staggered Board as part of reincorporation

- Very effective tool

Stay Incorporated in Oregon

- Consider two charter amendments
 - Eliminate ability of shareholders to remove directors without cause or to increase board size
 - Staggered Board

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Anti-Raid Preparation

13

*- Strongly disfavored by investors
- Rec Enron not plan staggered Bd now
but resist, perhaps w/ PGE sale (pending action on SEC approval)*

(30) found - provide ability to say no if (Barrick, Wynnham)



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Potential Acquirers of Truman

*Howard - Truman not real vulnerable.
- Those who are sold not likely focused on strategic fit.
- Those interested for strategic not viable.*

(US\$ in millions, except per share amounts)

Company	Equity Value ¹	Enterprise Value ¹	Calendarized P/E Multiples ²	Debt to Cap.
			2002	
Truman	\$26,247	\$42,510	15.6x	53.1%
Strategic Interest				
General Electric	\$379,582	\$577,231	23.7x	77.8%
Exxon Mobil	273,744	275,625	18.6	13.3
Royal Dutch/Shell	190,395	190,919	15.4	10.6
BP Amoco	182,641	237,914	16.0	42.4
AIG	183,466	228,998	22.9	53.3
El Paso	23,920	41,286	12.3	59.6
Possible, but Unlikely Strategic Interest				
Total	\$99,706	\$110,394	13.4x	32.7%
Tyco	90,502	144,555	13.7	64.1
Chevron/Texaco	91,275	104,896	16.2	30.3
ENI	50,047	60,605	10.3	31.4
E.ON	42,011	47,248	17.9	32.8
Suez	34,847	71,002	18.9	61.4
Duke	30,882	46,875	14.1	50.4
RWE	22,677	51,113	18.2	72.3
Repsol	17,382	39,753	8.9	52.8

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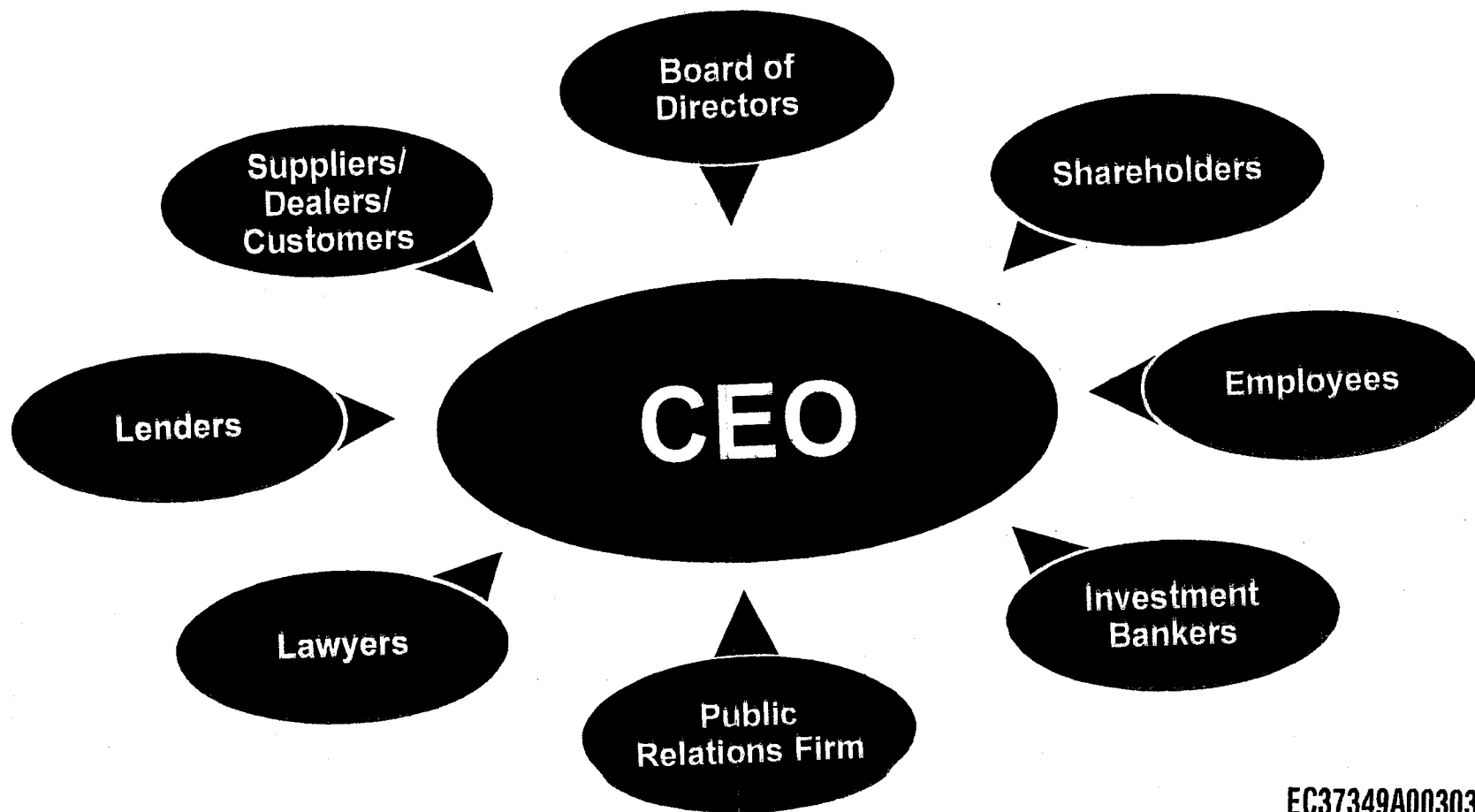
¹ Source: Latest publicly available financial statements. Equity value based on fully diluted shares outstanding and closing stock prices on October 3, 2001.
² Source: IBES median estimates unless otherwise noted.



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What to do if Someone Makes an Approach

*Hand - approaches come in many forms
- all comms should come to 1 party*



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Are You Prepared?

Howard

- Most battles are won or lost before they are fought — Preparation is the key
More fact, 10 days to next.
 - Identify your Team
 - Know who your shareholders are
 - Review your financial and strategic plan
 - Continue to evaluate options that drive shareholder value
 - Plan your response to an unexpected approach
- Strengthen structural defenses
 - Ready Shareholders' Rights Plan *GS & V&E agree*
 - Address ability to call special meeting/removal of directors *- said to change*
 - Leave board configuration as is (no staggered board)

Missing 376

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Appendix A: Expanded Structural Defense Discussion

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Structural Defenses in Place

Federal and Oregon Utility Regulatory Constraints

■ Description

Because of Truman's ownership of PGE, under the Public Utility Holding Company Act of 1935 (PUHCA), the Federal Power Act and Oregon law, an acquisition of Truman would require prior approval by the Federal Energy Regulatory Commission and the Oregon Public Utility Commission and, for many potential buyers, the Securities and Exchange Commission. In addition, PUHCA would impose substantial restrictions on some potential acquirers.

■ Effect

As long as Truman owns PGE, (1) an acquisition of Truman (more than 10% of Truman voting stock) will be slowed considerably by the required regulatory approval process; (2) potential acquirers already owning a U.S. gas or electric utility may have difficulty satisfying PUHCA regulatory requirements; and (3) U.S. or foreign energy companies without a U.S. gas or electric utility would be best situated to avoid PUHCA regulation. However, these approval requirements would not necessarily prevent or delay a proxy fight to replace the Truman Board as an initial step in a hostile acquisition attempt.

Effective Elimination of Shareholder Ability to Act by Action by Written Consent

■ Description

Prohibits actions by written consent other than by unanimous consent.

■ Effect

Prevents acquiror from bypassing stockholder meetings as a forum for shareholder action.

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Structural Defenses in Place

(Continued)

Advance Notice for Director Nominations and Shareholder Proposals

- | | |
|-----------------------------|---|
| <p>■ Description</p> | Requires advance notice before shareholder can present director nominations or proposals at shareholder meetings. With respect to an annual meeting, shareholder's notice must be received not less than 120 days prior to an anniversary date of the proxy statement for the previous year's annual meeting. With respect to a special meeting, shareholder's notice must be received not later than 10 days after the date on which the notice of the meeting was mailed. |
| <p>■ Effect</p> | Prevents surprise nominations and solicitations for shareholder proposals at an annual meeting. |

Oregon "Other Constituency" Statute

- | | |
|-----------------------------|--|
| <p>■ Description</p> | Statutory provision that authorizes the Board, in evaluating a potential acquisition, to consider a range of social, legal and economic effects on employees and other constituencies, as well as both the long-term and short-term interests of the corporation and its shareholders, including that these interests may be best served by the continued independence of the corporation. |
| <p>■ Effect</p> | May enhance the Board's ability to "just say no" to a potential acquisition or to choose among competing bidders. |

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Structural Defenses in Place

(Continued)

Fair Price Charter Provision

■ Description

Any business combination with a 10% + shareholder must be approved by at least 80% of Truman's voting stock unless (i) the transaction is approved by at least 80% of Continuing Directors who constitute a majority of the Board (ii) certain fair price and procedural requirements are met or (iii) the transaction occurs more than 5 years after last acquisition of stock by the 10% + stockholder.

■ Effect

Discourages two-tiered offers.

Oregon Business Combination Statute

■ Description

A corporation generally may not engage in a business combination with an interested stockholder (owner of 15% or more of Truman voting stock) unless (i) the Board approved the transaction which resulted in the shareholder becoming an interested shareholder, (ii) upon the consummation of such transaction, the interested shareholder owned at least 85% of the outstanding voting stock (excluding certain insider holdings), (iii) the business combination is subsequently approved by the Board and holders of 2/3 of disinterested voting stock or (iv) business combination occurs more than 3 years following the date the shareholder became an interested shareholder. (Substantially similar to Delaware General Corporation Law §203).

■ Effect

Discourages hostile tender offers which bypass the Board, do not obtain a high stockholder tender percentage and which are dependent upon quick access to the target's assets for financing or other purposes.

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Structural Defenses in Place

(Continued)

Blank Check Preferred Stock

- | | |
|---------------|---|
| ■ Description | Authorization in Charter for Preferred Stock with terms set by Board without shareholder action. |
| ■ Effect | Gives the Board the flexibility to raise capital, issue stock to a white squire, effect a defensive recapitalization or otherwise respond to a hostile bid. |

Denial of Cumulative Voting

- | | |
|---------------|---|
| ■ Description | Prohibits shareholders from cumulating their votes, which reduces the number of shares required to obtain individual Board seats. |
| ■ Effect | Prevents minority shareholders from obtaining Board seats. |

Hostile Change of Control Provisions in Employee Benefit Plans

- | | |
|---------------|---|
| ■ Description | Stock option plans generally provide for automatic acceleration of vesting and a cash-out in the event of a change of control that is not approved by the Board. |
| ■ Effect | May encourage a potential acquiror to negotiate with the Board rather than pursue a proxy fight in order to preserve existing employee incentives and minimize acquisition costs. |

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Possible Additional Structural Defenses

Shareholder Rights Plan

■ Description

Plan providing for a distribution of stock purchase rights to all holders of common stock, which rights have nominal value and are not exercisable until triggered. Rights are triggered if a potential raider acquires a significant percentage (10-20%) of the Company's voting stock, unless the Board redeems or nullifies the rights. If triggered, the rights allow each shareholder other than the acquiror to acquire a significant number of shares of common stock at a substantial discount to the current market value, causing extreme dilution to the acquiror.

■ Effect

Effectively prevents an acquisition of a significant block of stock without Board approval.

■ Process

Can be adopted by the Board without shareholder approval.

Staggered Board

■ Description

Divides the Board into three classes elected for staggered three year terms, so that only one-third of the Board is up for reelection at each annual meeting.

■ Effect

If coupled with director removal protection, effectively requires an acquiror to wait two years before it can obtain a majority of the Board through proxy contests.

■ Process

Under Oregon law, the board could be classified without shareholder approval, but shareholder approval of a charter amendment would be required to prohibit removal of Board members without cause.

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Possible Additional Structural Defenses

(Continued)

Prohibit Removal of Directors Without Cause

- | | |
|---------------|--|
| ■ Description | Change the default provision in Oregon, which permits the shareholders to remove directors without cause at any meeting called for that purpose (by a majority of votes cast if a quorum is present). |
| ■ Effect | Would eliminate right of shareholders to call special meeting and remove and replace the Board and, if coupled with a staggered board, would effectively prevent an acquiror from taking control of the Board in a single proxy contest. |
| ■ Process | Would require shareholder approval of a charter amendment (by a majority of votes cast if a quorum is present). |

Strengthen Cap on Size of Board

- | | |
|---------------|--|
| ■ Description | Charter amendment to limit the maximum size of the Board in a way that cannot be changed without Board approval. |
| ■ Effect | Prevents an acquiror from "packing" the Board to circumvent director removal protections. |
| ■ Process | Would require shareholder approval of a charter amendment (by a majority of votes cast if a quorum is present). |

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Possible Additional Structural Defenses

(Continued)

Deny Shareholders the Right to Call Special Meetings

- | | |
|---------------|---|
| ■ Description | Change the current ability of 10% shareholders to force a special meeting. |
| ■ Effect | Limits any shareholder proxy activities to the annual meeting. |
| ■ Process | Not possible under Oregon law, but would be the default provision under Delaware law. |

Reincorporate

- | | |
|---------------|--|
| ■ Description | Merge Truman into another corporation domiciled in another jurisdiction such as Delaware. |
| ■ Effect | Although Oregon may have certain advantages over Delaware from a structural defense perspective (Oregon Other Constituency Provision), reincorporation into Delaware may provide a better opportunity to eliminate shareholder right to call a special meeting and possibly implement staggered board. |
| ■ Process | Shareholder approval of a merger would be required (by a majority of outstanding voting stock). If PGE then owned, would have to address PUHCA issues. |

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Goldman Sachs

Draft

Goldman
Sachs

V&E

Presentation to Truman

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Vinson & Elkins L.L.P.
09-Oct-2001

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Table of Contents

- I. Merger Market Overview
- II. How Vulnerable is Truman?
- III. Anti-Raid Preparation

Appendix A: Expanded Structural Defense Discussion

Goldman Sachs does not provide accounting, tax or legal advice. In addition, we mutually agree that, subject to applicable law, you may disclose any aspects of any potential transaction or structure described herein that are necessary to support any U.S. federal income tax benefits with no limitations imposed by Goldman Sachs.

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I. Merger Market Overview

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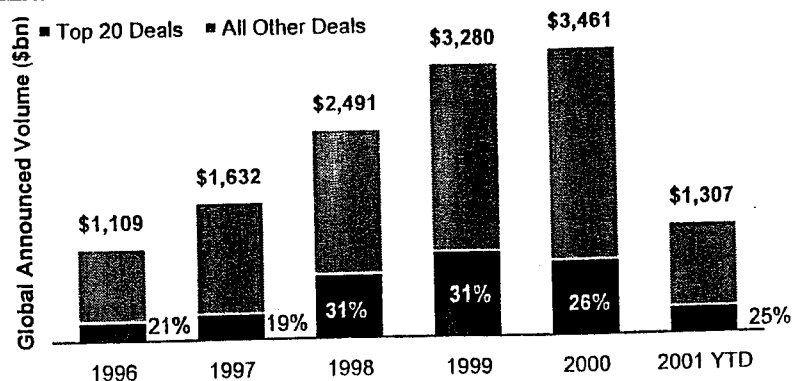
Goldman
Sachs

Merger Market Overview

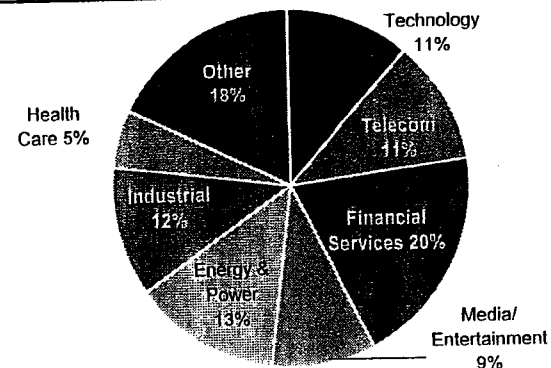
2001 YTD Highlights

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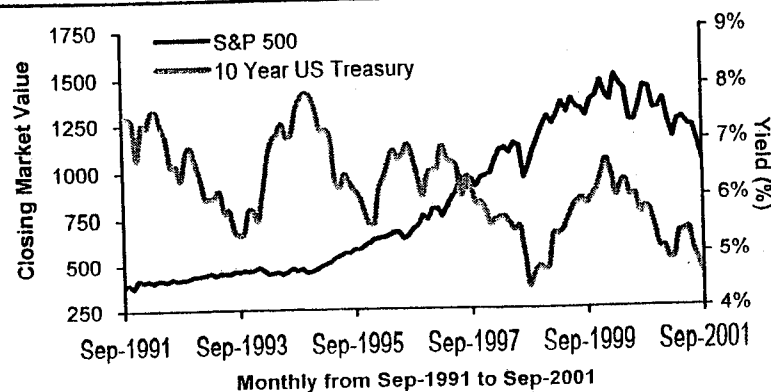
Global M&A Volume



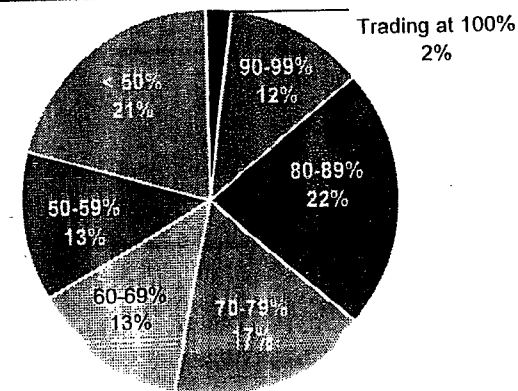
M&A Volume by Industry Sector



Interest Rate and Equity Market Performance



S&P 500 Companies Compared to 52-Week Highs¹



¹ As of September 30.

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Hostile / Unsolicited Initiatives

- There is a resurgence in hostile activity — not all hostile activity becomes public
- Structural and other defenses are not stopping raiders
 - Strong structural defenses do enable tactical responses
- Size and Intellectual Capital are no longer defenses in themselves
- Generally, only 1 out of 3 companies that are raided stay independent

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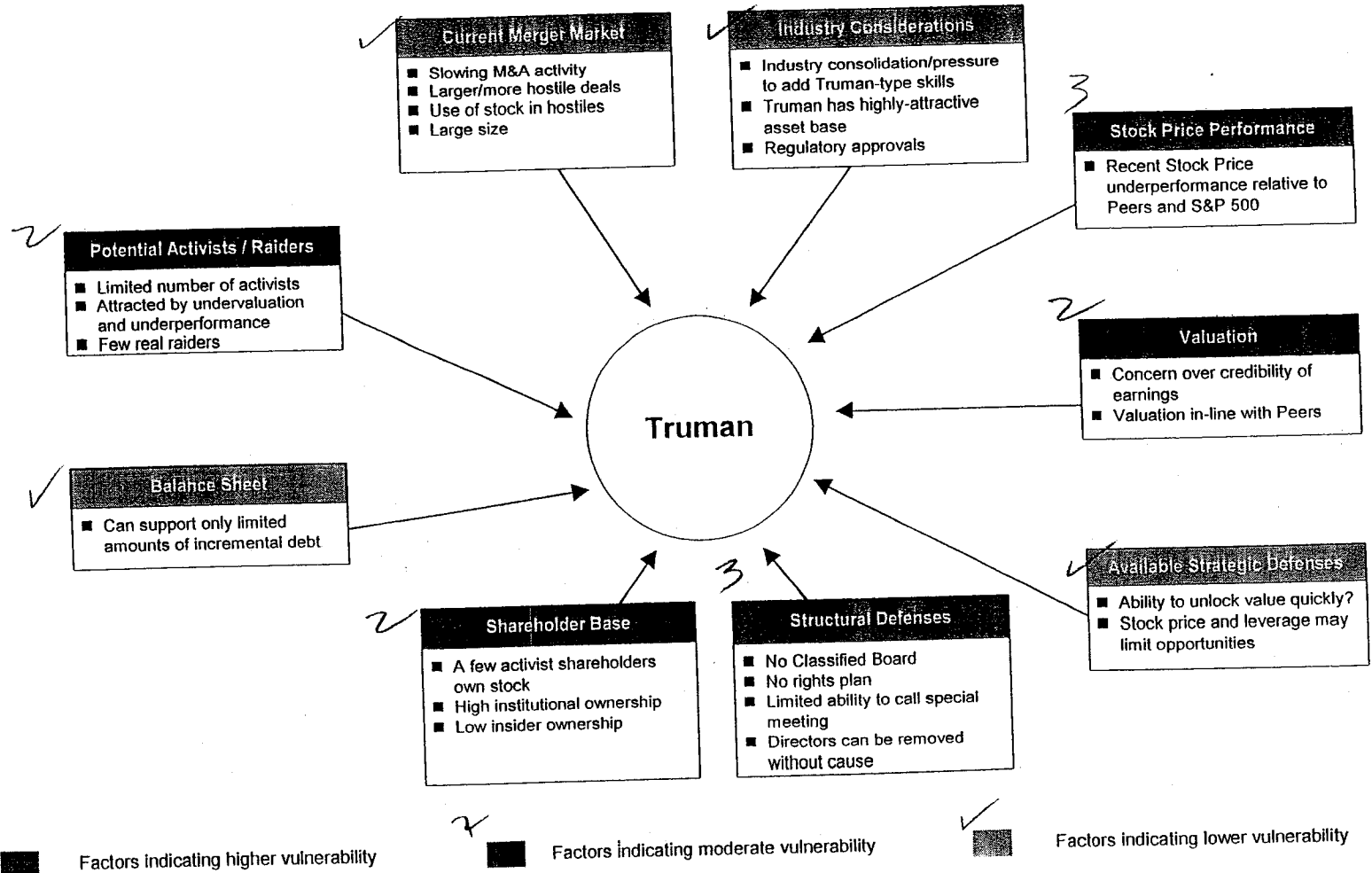
II. How Vulnerable is Truman?

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Is Truman Vulnerable?

Factors Affecting Vulnerability



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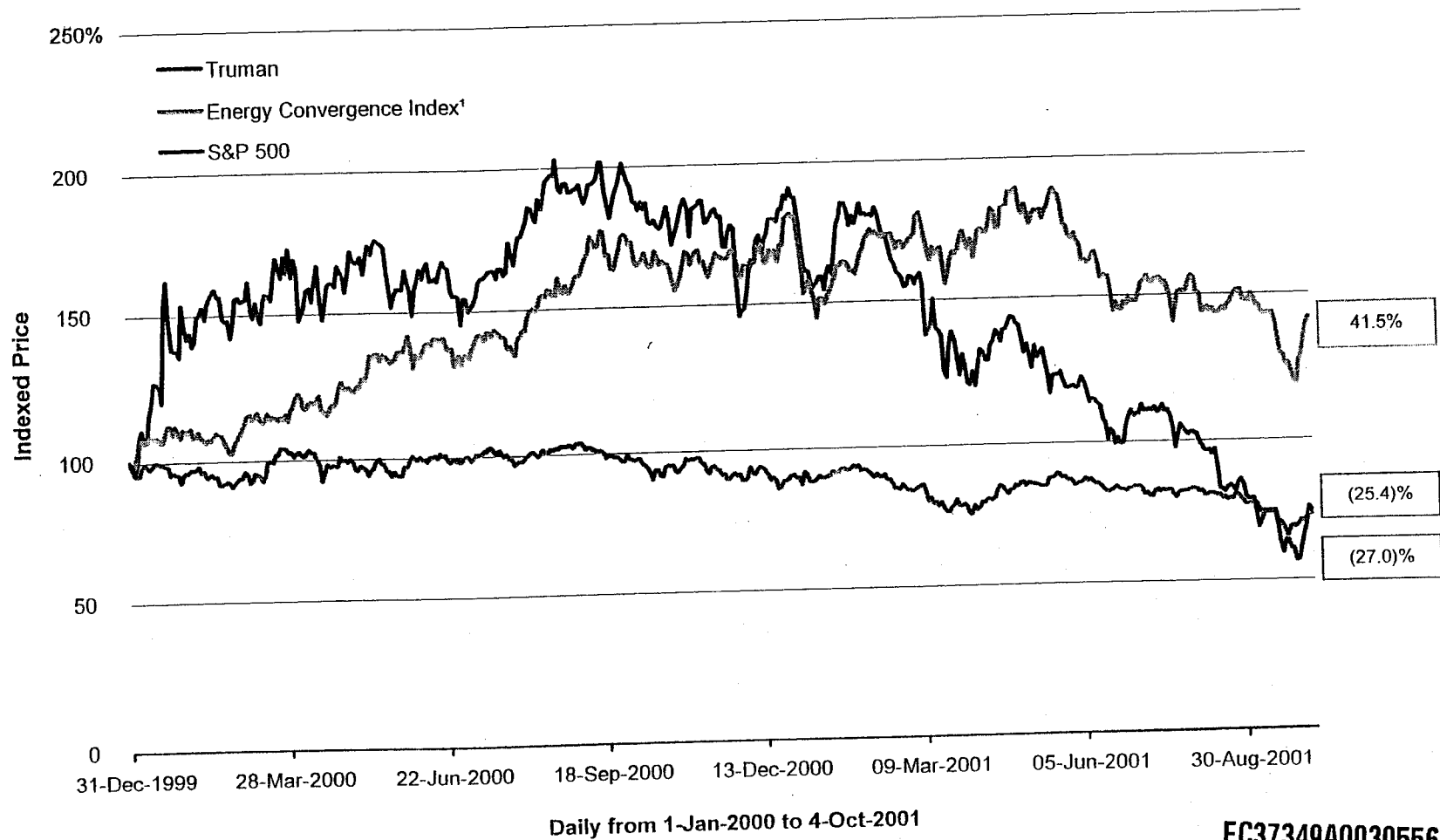
How Vulnerable is Truman?



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Truman's Relative Stock Price Performance

Indexed Common Stock Price History Since January 1, 2000



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¹ Energy Convergence Composite includes: Aquila, Dominion, Duke, Dynegy, El Paso, Williams and Potomac Electric.

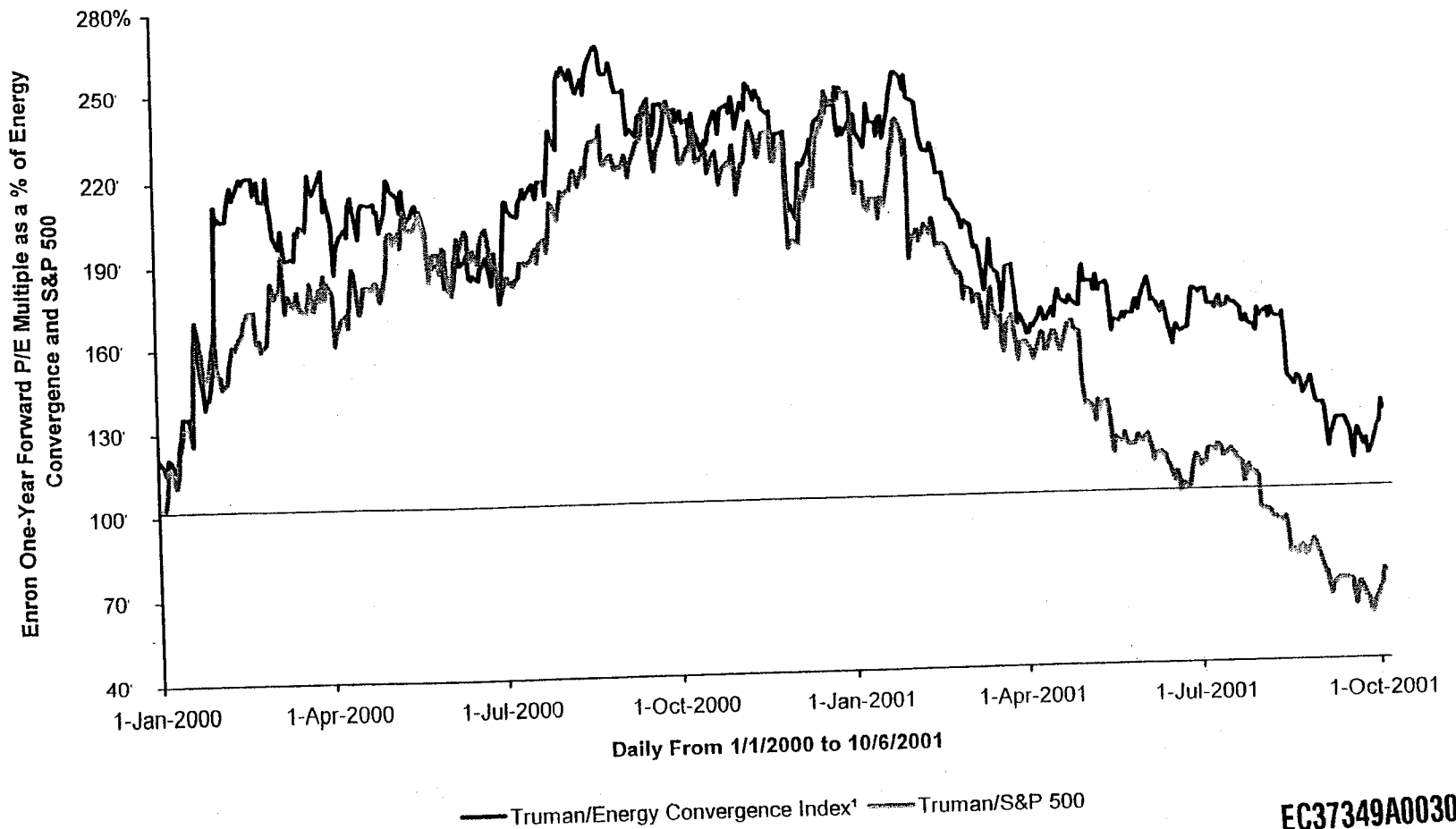
How Vulnerable is Truman?



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Truman's P/E Multiple

Truman versus Energy Convergence Index versus S&P 500



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¹ Energy Convergence Composite includes: Aquila, Dominion, Duke, Dynegy, El Paso, Williams and Potomac Electric.

How Vulnerable is Truman?

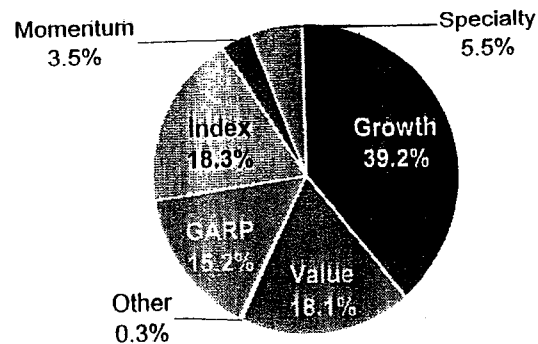


Truman

Shareholder Overview



Investor Base Profile



Top Institutional Investors¹

Institution	Shares Held	% of Total
Janus Capital Corporation	42,817,526	5.7 %
Pulnam Investment Management	26,481,742	3.5 %
AXA Financial, Inc.	25,204,587	3.4 %
Barclays Bank	22,952,744	3.1 %
Citigroup Inc.	18,519,153	2.5 %
Fidelity Management & Research Co.	16,496,906	2.2 %
State Street Corporation	15,560,486	2.1 %
AIM Management Group, Inc.	12,813,667	1.7 %
Taurus Corporation	12,303,790	1.6 %
Vanguard Group	11,381,738	1.5 %
Northern Trust Company	10,407,533	1.4 %
MSDW & Company	10,286,390	1.4 %
Goldman, Sachs & Co.	9,747,871	1.3 %
UBS Warburg Lic	7,664,912	1.0 %
Rorer Asset Management	7,097,082	0.9 %
Top Fifteen Total	249,736,127	33.3 %
Total Identified Institutions	537,851,318	71.7 %
Total Insiders	9,111,984	1.2 %
Total Unidentified Institutions and Retail	202,894,066	27.1 %
Total Outstanding	749,857,388	100.0 %

¹ Source: Prism.

Shareholder Activism

Share Holder	Shares Held / % of Total	Type of Activist
Barclays	22,952,744 / 3.1%	New School
College Retirement Equities Fund	6,169,553 / 0.8	Activists
California Public Employee Retirement System	3,045,798 / 0.4	Activists

Activist Characteristics

- **Activists** offer shareholders resolutions; use other forms of activism such as "no" votes. Unlikely to challenge board control, but may endorse dissidents' slate or agenda
- **New School** or passive-aggressive activists are likely to support dissident initiatives – some may be vocal. Unlikely to act as ring leader

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How Vulnerable is Truman?



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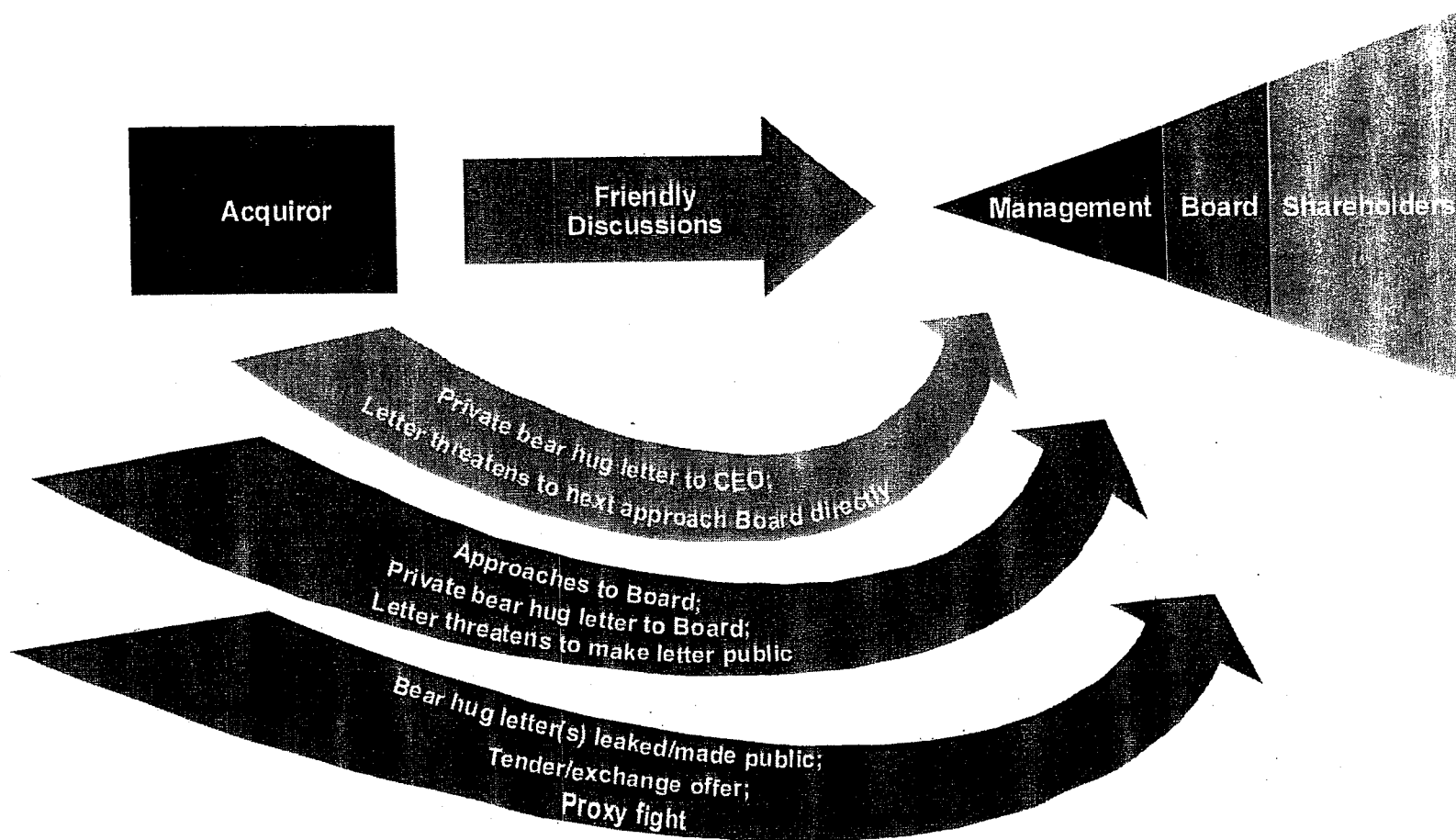
III. Anti-Raid Preparation

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Potential Approaches of an Unsolicited Acquiror



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Review of Structural Defenses

Currently in Place

- Federal and Oregon Utility Regulatory Constraints
- Effective Elimination of Shareholder Ability to Act by Written Consent
- Advance Notice Requirements for Shareholder Proposals and Notifications
- Oregon Other Constituency Statute
- Fair Price Charter Provision
- Oregon Business Combination Statute (Comparable to Delaware §203)
- Blank Check Preferred Stock
- Denial of Cumulative Voting
- Hostile Change of Control Provisions in Employee Benefit Plans

Other Possible Defenses

- Shareholder Rights Plan
- Staggered Board
- Prohibit Removal of Directors without Cause
- Strengthen Cap On Size of the Board
- Deny Shareholders the Right to Call Special Meetings (only after reincorporation)
- Reincorporate

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Strengthening Structural Defenses

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- ✓ ■ Shareholder Rights Plan / Poison Pill (allows S/K to buy) set @ disc & cause dilution - no S/K approval req'd)
 - Can be adopted by Board on short notice
 - Does not require shareholder approval
 - Consider having it "on the shelf" - *add new Oregon - not needed* *Legal rec: Do not adopt now; Have ready; [Follow up w/ specifics]*
- ✓ ■ Limit/eliminate ability for shareholders to call a special meeting
 - Not possible to limit under Oregon law but can indirectly achieve goal by director removal and board size provisions
 - Default provision under Delaware law
- Staggered Board
 - Difficult to implement due to shareholder sensitivity
 - [Most peers don't have a staggered Board]
 - As a result of shareholders' ability to call a special meeting Truman is more vulnerable than peers – and effectively vulnerable at all times during the year

Reincorporate in Delaware

- In conjunction with PGE transaction
- Consider approving reincorporation at next annual shareholders meeting subject to closing PGE or PUHCA exemption
- No ability for shareholders to call special meeting under law unless specially provided for
- Consider staggered Board as part of reincorporation

Stay Incorporated in Oregon

- Consider two charter amendments
 - Eliminate ability of shareholders to remove directors without cause or to increase board size
 - Staggered Board - *req. S/K approval*
- GS REC: Do not seek Classified Board*
 - *Highlights focus weakness*
 - *<50% success rate*

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Potential Acquirors of Truman

(US\$ in millions, except per share amounts)

Company	Equity Value ¹	Enterprise Value ¹	Calendarized P/E Multiples ²	Debt to Cap.
			2002	
Truman	\$26,247	\$42,510	15.6x	53.1%
Strategic Interest				
General Electric	\$379,582	\$577,231	23.7x	77.8%
Exxon Mobil	273,744	275,625	18.6	13.3
Royal Dutch/Shell	190,395	190,919	15.4	10.6
BP Amoco	182,641	237,914	16.0	42.4
AIG	183,466	228,998	22.9	53.3
El Paso	23,920	41,286	12.3	59.6
Dynegy	13,621	18,591	15.7	45.5
Kinder Morgan	5,886	10,680	20.1	58.0
Possible, but Unlikely Strategic Interest				
Total	\$99,706	\$110,394	13.4x	32.7%
Tyco	90,502	144,555	13.7	64.1
Chevron/Texaco	91,275	104,896	16.2	30.3
Vivendi	47,664	82,615	29.3	36.9
ENI	50,047	60,605	10.3	31.4
E.ON	42,011	47,248	17.9	32.8
Suez	34,847	71,002	18.9	61.4
Duke	30,882	46,875	14.1	50.4
RWE	22,677	51,113	18.2	72.3
Repsol	17,382	39,753	8.9	52.8
AES	6,973	28,695	8.1	75.6

¹ Source: Latest publicly available financial statements. Equity value based on fully diluted shares outstanding and closing stock prices on October 3, 2001.

² Source: IBES median estimates unless otherwise noted.

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Responses to Unsolicited Offers

- Responses to Inquiries
 - Always respond that "Company policy is not to comment on rumors"
- Responses to Casual Offers
 - No duty to discuss or negotiate
 - Only one Company representative should be authorized to respond in any fashion
 - General responses should be that the Company is very comfortable with its current structure and strategies
 - Specific response to any particular approach must be structured on a case-by-case basis; team should confer to decide proper response
- Responses to Specific Offers
 - No response other than "will call you back"
 - No immediate response needed
 - Call war list and assemble team
 - No press release or statement other than "stop-look-and-listen" and call of special Board meeting to consider offer
 - Determine response from Board after considering duties and issues for the Board

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Are You Prepared?

- Most battles are won or lost before they are fought — Preparation is the key
- Who is the Team?
- Do you know who your shareholders are?
- Have you reviewed the financial and strategic plan?
- What value are you creating for shareholders?
- What is your response to an unexpected approach?

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Preparatory Activities

- Assemble team
- Conduct comprehensive due diligence
- Valuation tools prepared and accessible
- Review and evaluate structural means
- Review and evaluate financial restructuring alternatives
- Review and evaluate asset restructuring alternatives
- Review and evaluate important relationships
- Market watch
- Recommendations to management
 - Set S/H rights plan ready
 - Plan to move to Del. in spring / Annual Mtg.
 - Do not pursue Classified Ed now

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Appendix A: Expanded Structural Defense Discussion

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Structural Defenses in Place

Federal and Oregon Utility Regulatory Constraints

■ Description

Because of Truman's ownership of PGE, under the Public Utility Holding Company Act of 1935 (PUHCA), the Federal Power Act and Oregon law, an acquisition of Truman would require prior approval by the Federal Energy Regulatory Commission and the Oregon Public Utility Commission and, for many potential buyers, the Securities and Exchange Commission. In addition, PUHCA would impose substantial restrictions on some potential acquirors.

■ Effect

As long as Truman owns PGE, (1) an acquisition of Truman (more than 10% of Truman voting stock) will be slowed considerably by the required regulatory approval process; (2) potential acquirors already owning a U.S. gas or electric utility may have difficulty satisfying PUHCA regulatory requirements; and (3) U.S. or foreign energy companies without a U.S. gas or electric utility would be best situated to avoid PUHCA regulation. However, these approval requirements would not necessarily prevent or delay a proxy fight to replace the Truman Board as an initial step in a hostile acquisition attempt.

Effective Elimination of Shareholder Ability to Act by Action by Written Consent

■ Description

Prohibits actions by written consent other than by unanimous consent.

■ Effect

Prevents acquiror from bypassing stockholder meetings as a forum for shareholder action.

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Structural Defenses in Place

(continued)

Advance Notice for Director Nominations and Shareholder Proposals

- | | |
|-----------------------------|---|
| <p>■ Description</p> | Requires advance notice before shareholder can present director nominations or proposals at shareholder meetings. With respect to an annual meeting, shareholder's notice must be received not less than 120 days prior to an anniversary date of the proxy statement for the previous year's annual meeting. With respect to a special meeting, shareholder's notice must be received not later than 10 days after the date on which the notice of the meeting was mailed. |
| <p>■ Effect</p> | Prevents surprise nominations and solicitations for shareholder proposals at an annual meeting. |

Oregon "Other Constituency" Statute

- | | |
|-----------------------------|--|
| <p>■ Description</p> | Statutory provision that authorizes the Board, in evaluating a potential acquisition, to consider a range of social, legal and economic effects on employees and other constituencies, as well as both the long-term and short-term interests of the corporation and its shareholders, including that these interests may be best served by the continued independence of the corporation. |
| <p>■ Effect</p> | May enhance the Board's ability to "just say no" to a potential acquisition or to choose among competing bidders. |

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Structural Defenses in Place

(continued)

Fair Price Charter Provision

- **Description** Any business combination with a 10% + shareholder must be approved by at least 80% of Truman's voting stock unless (i) the transaction is approved by at least 80% of Continuing Directors who constitute a majority of the Board (ii) certain fair price and procedural requirements are met or (iii) the transaction occurs more than 5 years after last acquisition of stock by 10% + stockholder.
- **Effect** Discourages two-tiered offers.

Oregon Business Combination Statute

- **Description** A corporation generally may not engage in a business combination with an interested stockholder (owner of 15% or more of Truman voting stock) unless (i) the Board approved the transaction which resulted in the shareholder becoming an interested shareholder, (ii) upon the consummation of such transaction, the interested shareholder owned at least 85% of the outstanding voting stock (excluding certain insider holdings), (iii) the business combination is subsequently approved by the Board and holders of 2/3 of disinterested voting stock or (iv) business combination occurs more than 3 years following the date the shareholder became an interested shareholder. (Substantially similar to Delaware General Corporation Law §203)
- **Effect** Discourages hostile tender offers which bypass the Board, do not obtain a high stockholder tender percentage and which are dependent upon quick access to the target's assets for financing or other purposes.

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Structural Defenses in Place (continued)

Blank Check Preferred Stock

- | | |
|---------------|---|
| ■ Description | Authorization in Charter for Preferred Stock with terms set by Board without shareholder action. |
| ■ Effect | Gives the Board the flexibility in raising capital, issue stock to a white squire, effect a defensive recapitalization or otherwise respond to a hostile bid. |

Denial of Cumulative Voting

- | | |
|---------------|---|
| ■ Description | Prohibits shareholders from cumulating their votes, which reduces the number of shares required to obtain individual Board seats. |
| ■ Effect | Prevents minority shareholders from obtaining Board seats. |

Hostile Change of Control Provisions in Employee Benefit Plans

- | | |
|---------------|---|
| ■ Description | Stock option plans generally provide for automatic acceleration of vesting and a cash-out in the event of a change of control that is not approved by the Board. |
| ■ Effect | May encourage a potential acquiror to negotiate with the Board rather than pursue a proxy fight in order to preserve existing employee incentives and minimize acquisition costs. |

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Other Possible Additional Structural Defenses

Shareholder Rights Plan

■ Description

Plan providing for a distribution of stock purchase rights to all holders of common stock, which rights have nominal value and are not exercisable until triggered. Rights are triggered if a potential raider acquires a significant percentage (10-20%) of the Company's voting stock, unless the Board redeems or nullifies the rights. If triggered, the rights allow each shareholder other than the acquiror to acquire a significant number of shares of common stock at a substantial discount to the current market value, causing extreme dilution to the acquiror.

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If coupled with director removal protection, effectively requires an acquiror to wait two years before it can obtain a majority of the Board through proxy contests.

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Other Possible Additional Structural Defenses

(Continued)

Prohibit Removal of Directors Without Cause

- | | |
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|----------------------|--|
| ■ Description | Charter amendment to limit the maximum size of the Board in a way that cannot be changed without Board approval. |
| ■ Effect | Prevents an acquiror from "packing" the Board to circumvent director removal protections. |
| ■ Process | Would require shareholder approval of a charter amendment (by a majority of votes cast if a quorum is present). |

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Other Possible Additional Structural Defenses

(Continued)

Deny Shareholders the Right to Call Special Meetings

- | | |
|---------------|---|
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| ■ Effect | Limits any shareholder proxy activities to the annual meeting. |
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Reincorporate

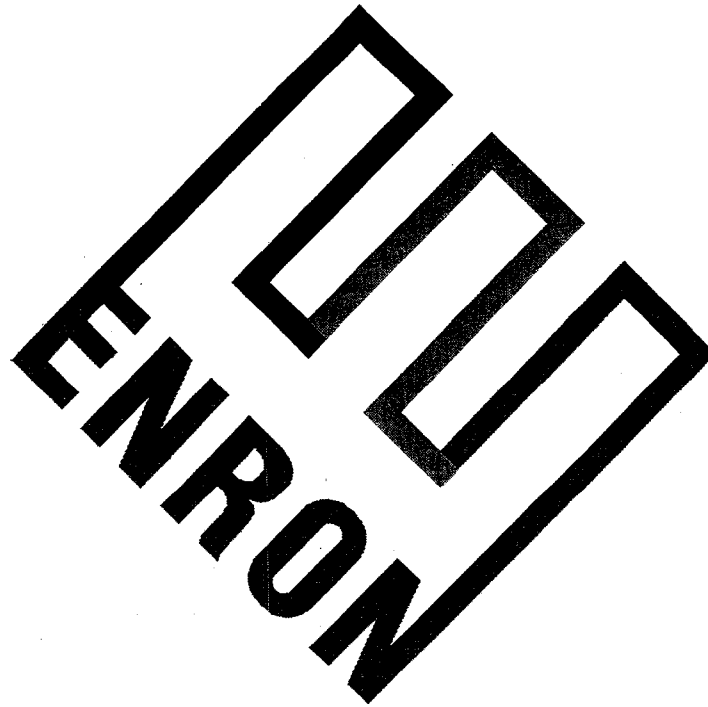
- | | |
|---------------|--|
| ■ Description | Merge Truman into another corporation domiciled in another jurisdiction such as Delaware. |
| ■ Effect | Although Oregon may have certain advantages over Delaware from a structural defense perspective (Oregon Other Constituency Provision), reincorporation into Delaware may provide a better opportunity to eliminate shareholder right to call a special meeting and possibly implement staggered board. |
| ■ Process | Shareholder approval of a merger would be required (by a majority of outstanding voting stock). If PGE then owned, would have to address PUHCA issues. |

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9:30

from
Don
Cott

- High energy quality
 - checked
 - offer cap
 - prudency



Enron Energy Services

EC37349A0030445

Janet

Financial Highlights

(\$ in Millions)

<u>Retail Segment Reported</u>	<u>Year to Date</u>		<u>Total Year</u>	
	<u>2001E</u>	<u>2000</u>	<u>2001E</u>	<u>2000</u>
Earnings Before Interest & Taxes	171	79	^① 246	111*
Net Income	^② 90	37	^③ 127	85
Cash Flow from Operations	(102)	<i>Improving, but no where no want it</i> (257)	^④ (39)	(350)
Capital Deployed	^⑤ 1,103	734	1,097	871
Equity Deployed	664	440	658	523
Return on Equity	^⑥ 18%	11%	19%	16%

*⑤
40/60*

Person discussion
 • \$10 e.d. incl. wholesale trans.
 • \$10 incl. incremental reserves
 decision (Blake & Duncan) on ability to
 capture deal specific profitability

* Excludes Non-recurring EBIT of \$62 MM

*Question - How much of 171 EBIT will be in 2001?
 JP Most one side P&M best of Summa in
 better than wholesale
 Blake/Baculo - Retail risk book is wholesale,
 not retail.
 Whalley - incremental reserves*

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Capital Deployed

(\$ in Millions)

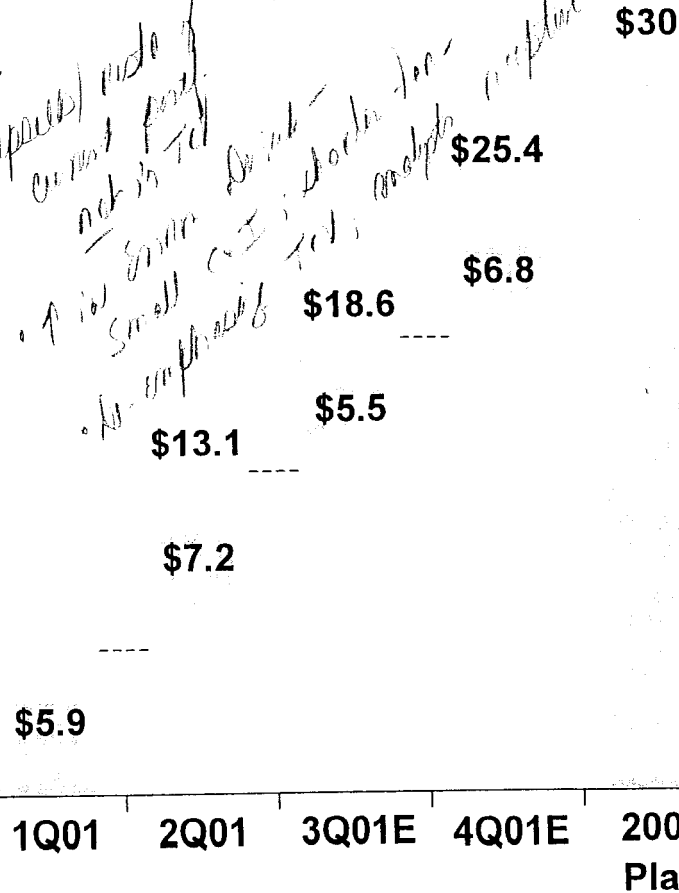
	<u>Year to Date</u>		<u>Total Year</u>	
	<u>2001E</u>	<u>2000</u>	<u>2001E</u>	<u>2000</u>
Accounts Receivable	301	272	301	304
Accounts Payable	(132)	(125)	(132)	(161)
Other Working Capital, Net	44	111	44	83
Price Risk Management, Net	399	185	461	229
PP&E, Net	158	127	167	152
Investments	100	3	92	104
Other	233	161	164	160
Total Capital Deployed	1,103	734	1,097	871

① Key change: PRM asset [— ↓ Europe]
 ② A/R - aggressive collection plan.
 + / - total. Progress over next 2 yrs.

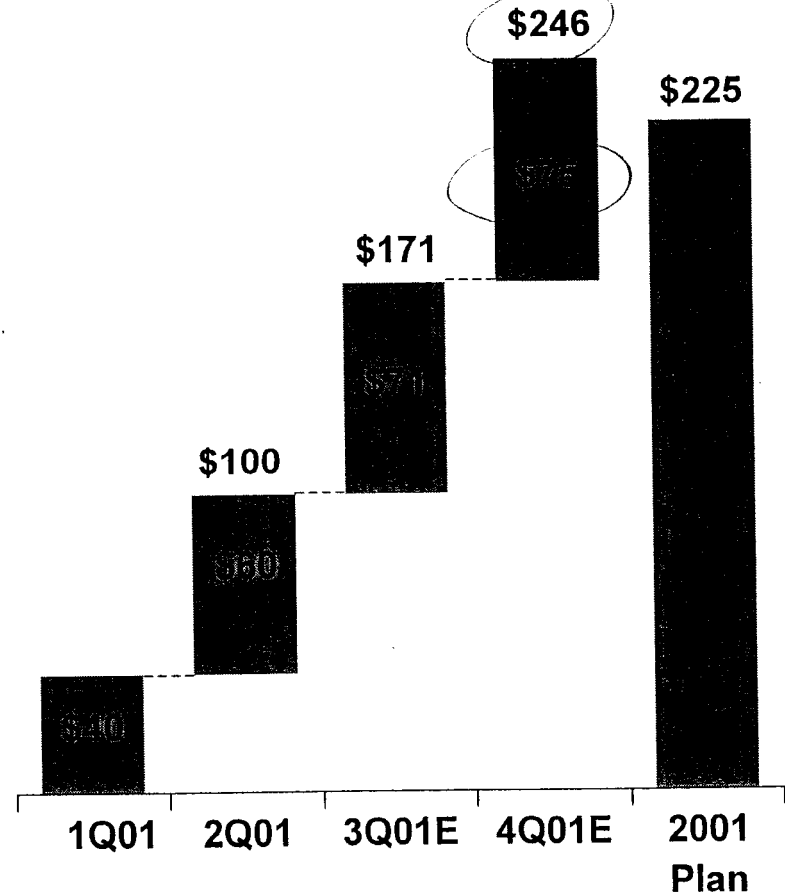
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Quarterly Results

Total Contract Value
(Billions)



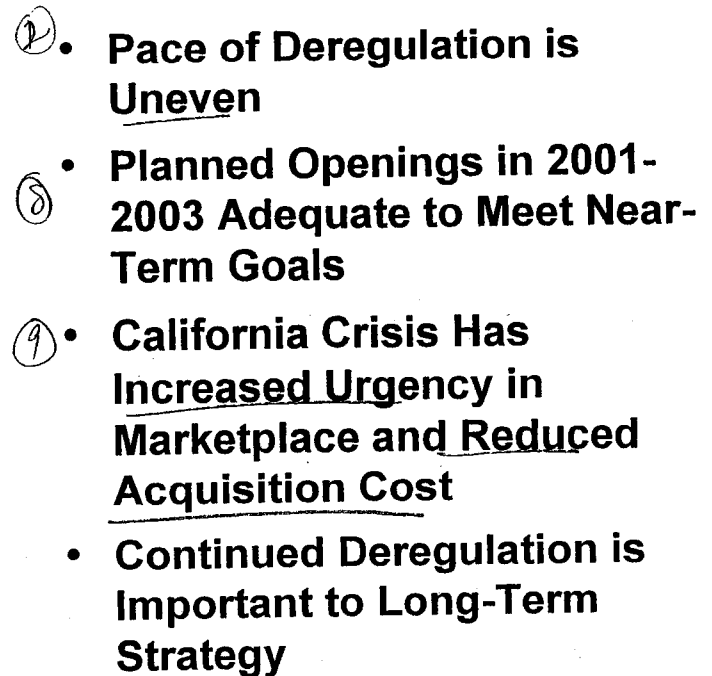
EBIT
(Millions)



Handwritten notes:
 - Since Tel was off target initial forecasts
 - CF & EBIT were as per medium.

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Deregulation Status – U.S. Power



- ☒ Restructuring Legislation/Order Enacted
☒ Restructuring Implementation Delayed
☐ Commission and/or Legislative Investigation
☐ No Significant Activity

- **\$ Market Open = \$56.1 Billion**
- **% Market Open = 26%**
- **Total Market Size = \$219.0 Billion**

8A

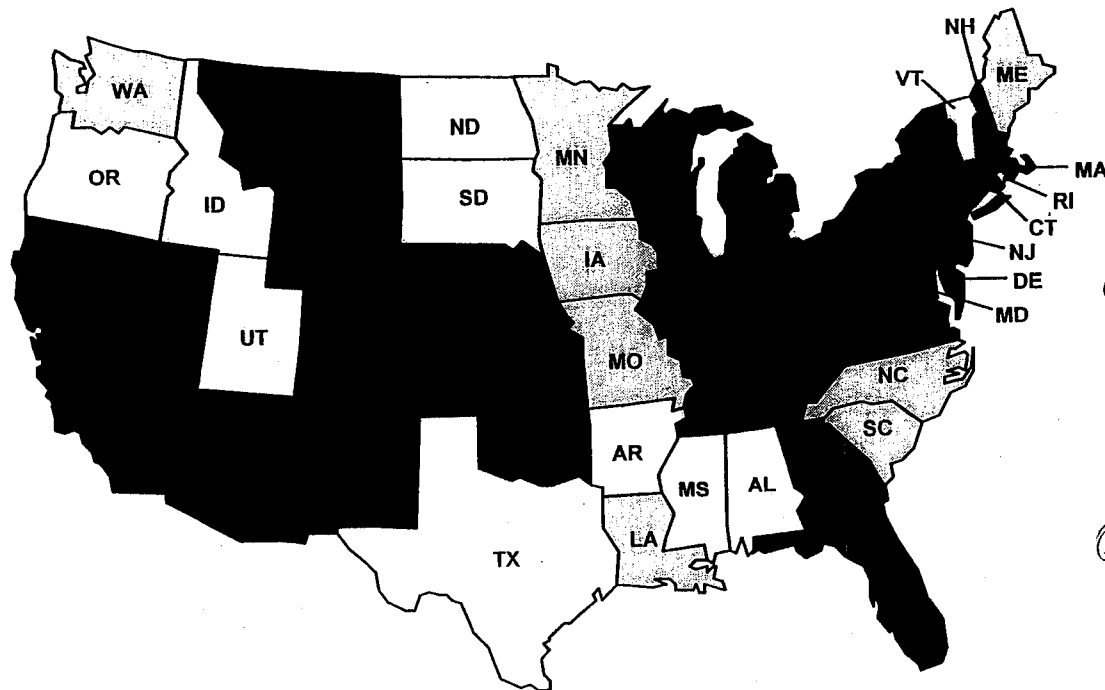
MA, M, TX - Most focus

OH, 1LL - 200-300 ↑ salt cpts

2002 TX, MICH, VA, & VA.

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Deregulation Status – U.S. Gas



- Restructuring Legislation/Order Enacted
- Restructuring Implementation Delayed
- Commission and/or Legislative Investigation
- No Significant Activity

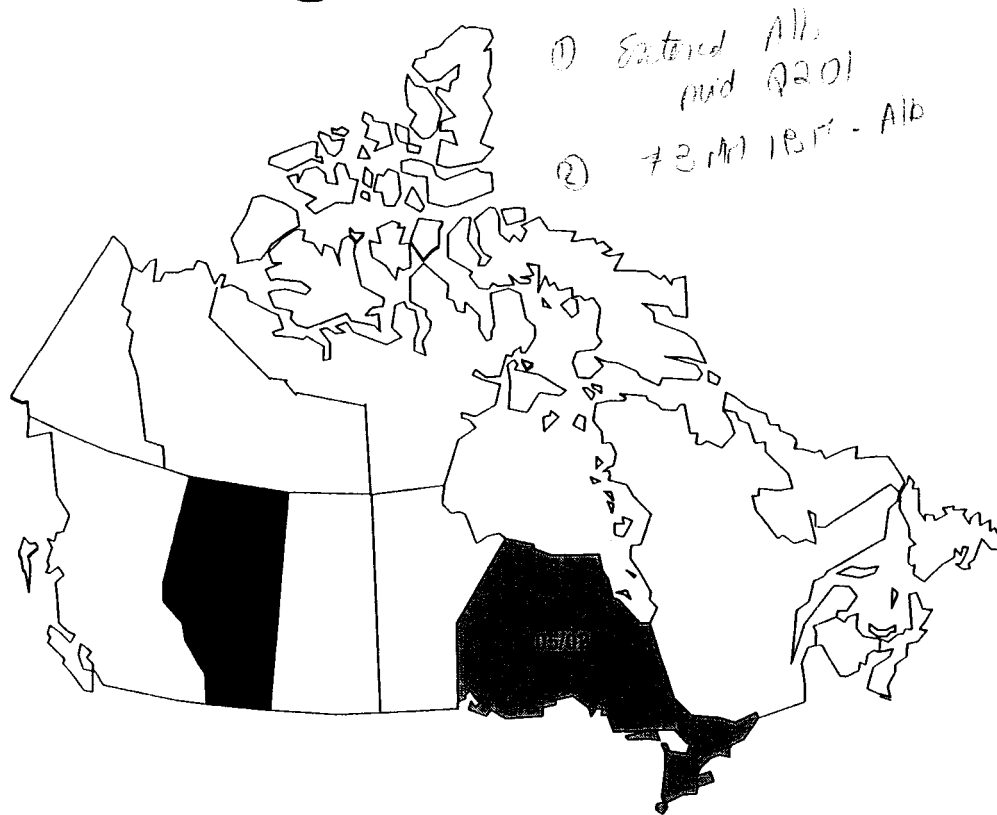
Restructuring Status as of 10/01

- ① • Restructuring Varies Greatly by Customer Class and by Utility - Industrial Access Universal
- ② • Consumer Response has Varied Greatly *based on state program design*
- Lack of Urgency in the Market and With Regulators
- ③ • Gas Needs to Become a Much Larger Product for EES *Kay*

- \$ Market Open = \$31.0 Billion
- % Market Open = 51%
- Total Market Size = \$61.0 Billion

EC37349A0030450

Deregulation Status – Canada Power



- Restructuring Legislation/Order Enacted
- Restructuring Implementation Delayed
- Commission and/or Legislative Investigation
- No Significant Activity

Restructuring Status as of 10/01

- Alberta Retail Market Opened January 2001
- Ontario Market Expected to Open May 2002
- ③ • Ontario is the Majority of the Value Proposition – *May 02 opening*
 - Most Populous and Industrial Province
 - Comparable to Energy Intensity of Northeast U.S.
 - Peak Load of 26,000 MW
 - \$8 Billion in Annual Spend

- \$ Market Open = \$1.3 Billion
- % Market Open = 7%
- Total Market Size = \$19.0 Billion

EC37349A0030451

Deregulation Status – Canada Gas



- Restructuring Legislation/Order Enacted
- Restructuring Implementation Delayed
- Commission and/or Legislative Investigation
- No Significant Activity

Restructuring Status as of 10/01

- Ontario - Open Access has been Available Since 1985
- British Columbia Market Expected to Open November 2002
- Actively Signing Gas Contracts in Alberta and Ontario

- \$ Market Open = \$7.0 Billion
- % Market Open = 70%
- Total Market Size = \$10 Billion

EC37349A0030452

Deregulation Status – Europe Power



- Fully Liberalised
- Partially Liberalised
- Significant Barriers
- EU Directive Not Implemented

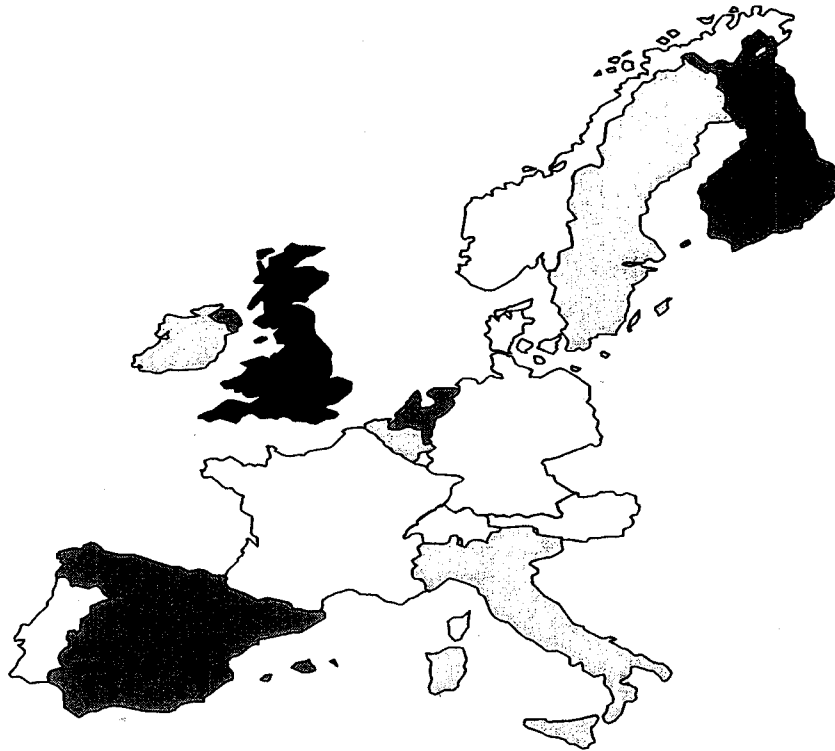
Restructuring Status as of 10/01

- UK and Scandinavian Power Markets Among the Most Competitive in the World
- ② Continental Governments Continue to Thwart EU Electricity Directive
- Europe is Becoming a Series of Small Regional Markets
- Few, if any, “Pan-European” Accounts
- Likely to Lead with the Enron Direct Business Model as EES Enters New Markets on the Continent

- \$ Market Open = \$55.2 Billion
- % Market Open = 33%
- Total Market Size = \$167.0 Billion

EC37349A0030453

Deregulation Status – Europe Gas



- Fully Liberalised
- Partially Liberalised
- ▨ Significant Barriers
- EU Directive Not Implemented

Restructuring Status as of 10/01

- UK Gas Market Best in Europe
- EU Will Not Adopt a New Gas Directive Before 2002
- Continental Gas Incumbents Strongly Defending their Positions

- \$ Market Open = \$21.2 Billion
- % Market Open = 30%
- Total Market Size = \$70.5 Billion

EC37349A0030454

Evolving Business Model

Master / Blau: All / 100% ...
 # 150-200 M > 30 day, incl. "SD > 90"
 # 500 CTC
 # 300-400 - (cash gap of 55-60 day) related to K ...
 Have not seen defaults.

"WAS"

"IS"

Dell-Like

- Limited Market
- ① • ^{18-24 M.} Very Long Sales Cycle / High Acquisition Costs
- Not Acquiring the "Bundle" Anyway
- ② • Highly Customized / Not Scalable
- ③ • Challenging Executions

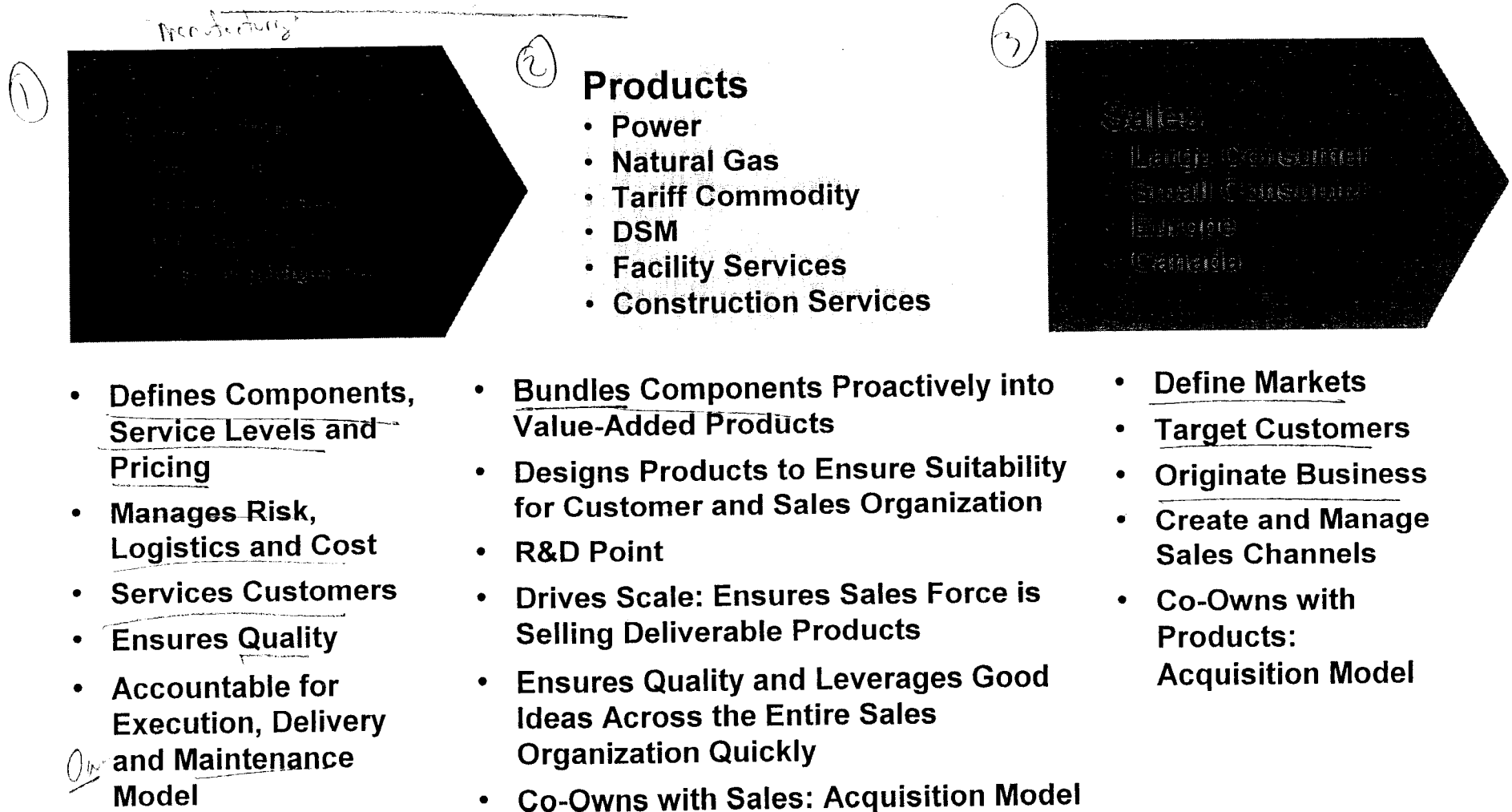
④ IBM-Like

- Easily Transferable Across Market: Size and Geography
- Component Assembly Provides the "Illusion" of Customization
- ① • Bundle or Unbundle Components: Driven by Segment and Profitability
- ^{1,000's} Shorter Sales Cycle / Lower Acquisition Costs
- ② • Standardized Contracts and Components Ensure High Quality Execution and Scalability
- ③ • Easily Tailor Product, Acquisition and Maintenance Model to Channel / Customer

④ • Down risk
 • Expanding Geography

EC37349A0030455

Product-Based Business Process



no explicit S.P.

Goal: Increased Customer Satisfaction, High Quality Product, Scalable Delivery Platform and Greater Profitability

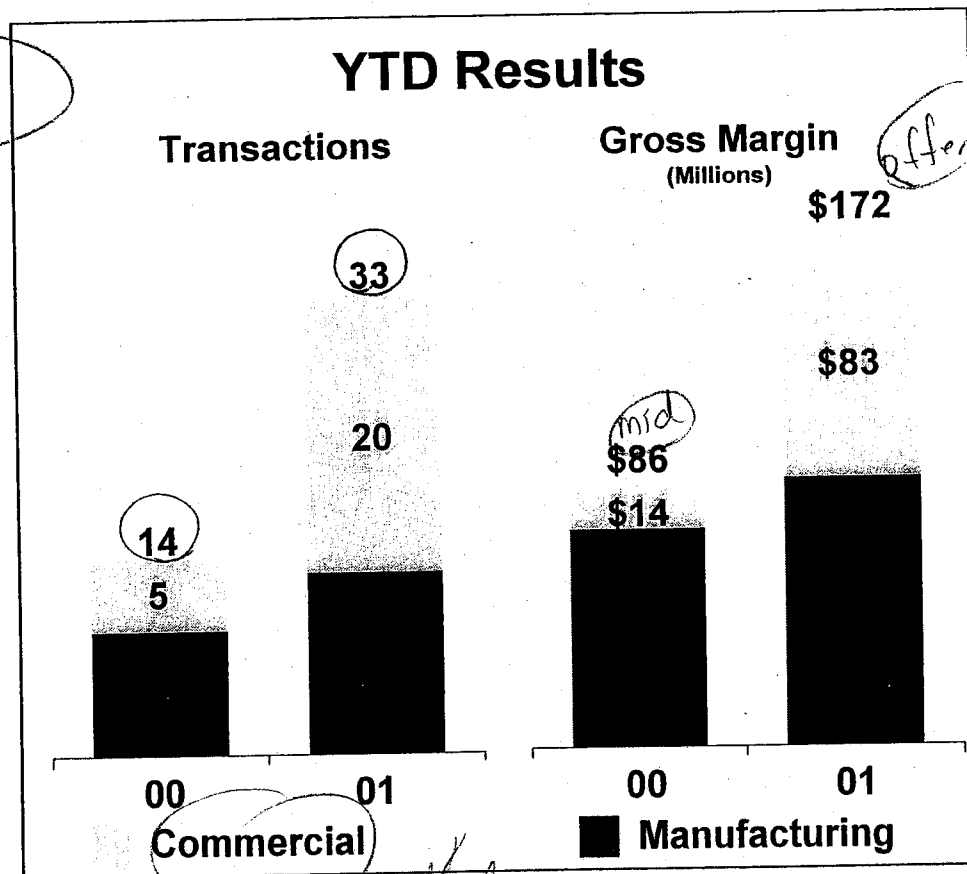
*Duncan - acq. costs cos. how helpful?
Have no to-date. May.*

EC37349A0030456

Large Consumer Business – U.S.

- Annual Energy Spend >\$10MM
- High Packaging *on Comm.*
- National Footprint

- *Dedicated* Enron Sales Force
- Dedicated Service Manager



*Duncan - Customer deal profit center
QA (Khan/Sany)*

EC37349A0030457

Dave

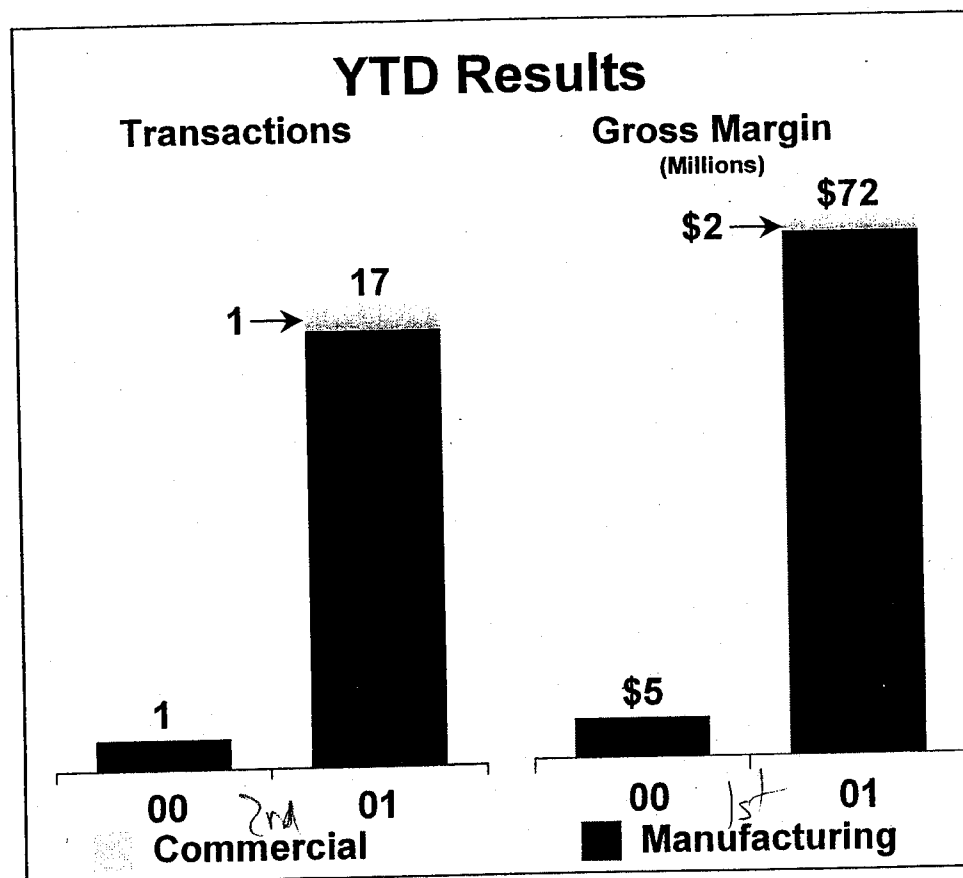
Portfolio Origination – U.S.

- Upsell Engine
- Mines the Existing Customer Portfolio for Value-Added Transactions

Dedicated team exploring



[Power left]



Harvesting incremental value from existing customers

EC37349A0030458

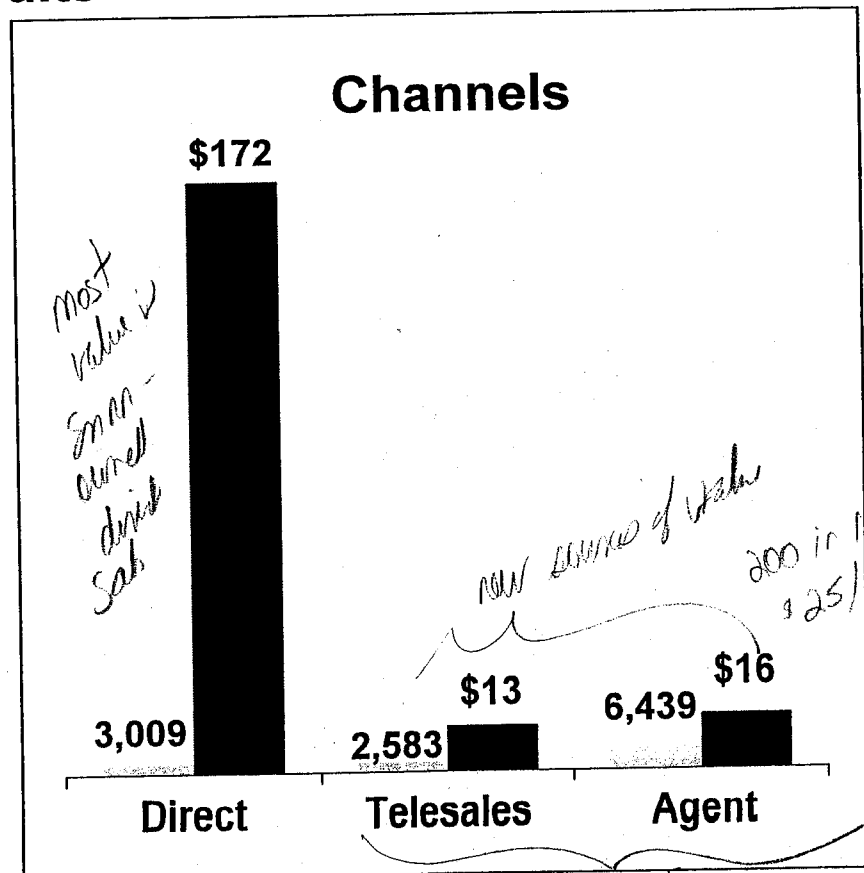
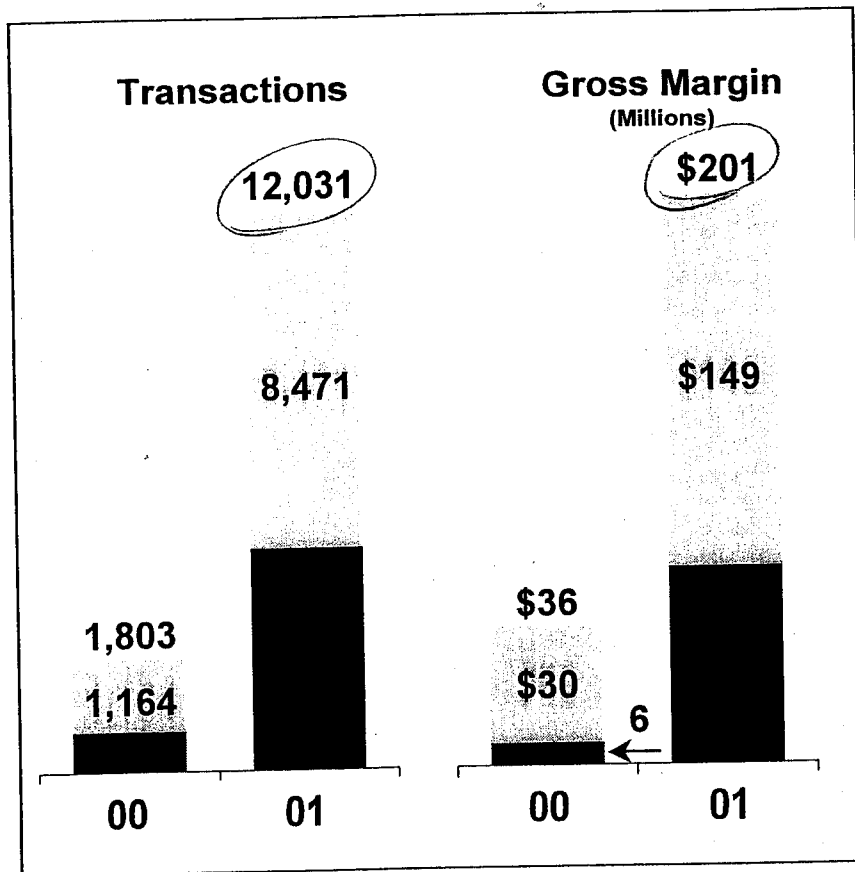
① New in US / Started in May/June Dave

Small Consumer Business – U.S.

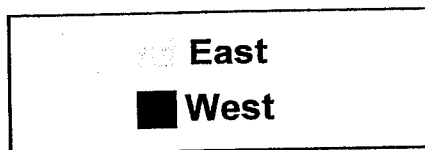
- Annual Energy Spend <\$10MM
- Highly Standardized - 2 pgs X
- Regional

- Commissioned Sales Force (Enroll agents)
- Call Center Support

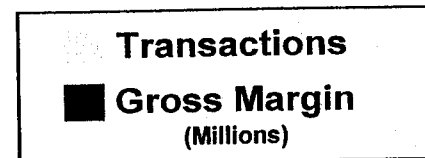
YTD Results



[Page 2]



Aug - Sample customers
Small - Pub
Lge - Shop lists
Comm only



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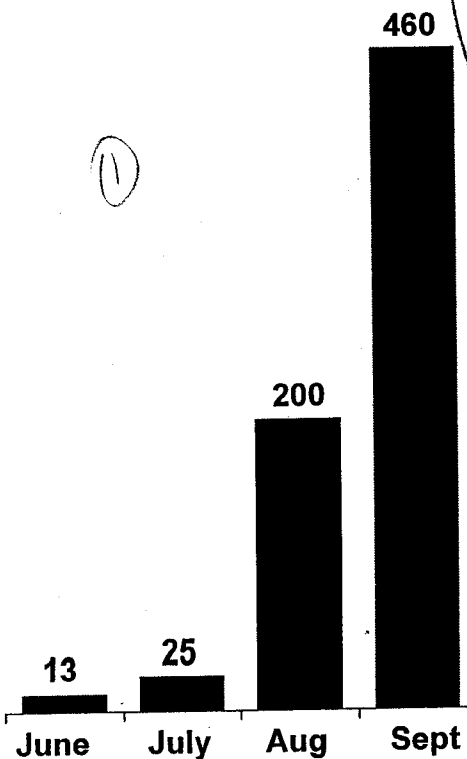
Sample -
Enroll agents/
screening links
+ sets up
resumes

Enron Direct – U.S.

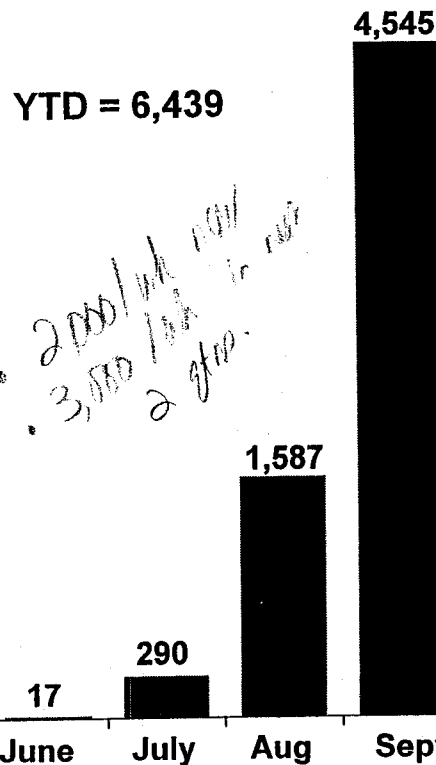
Agent-Based Business Metrics

Missing late
460?

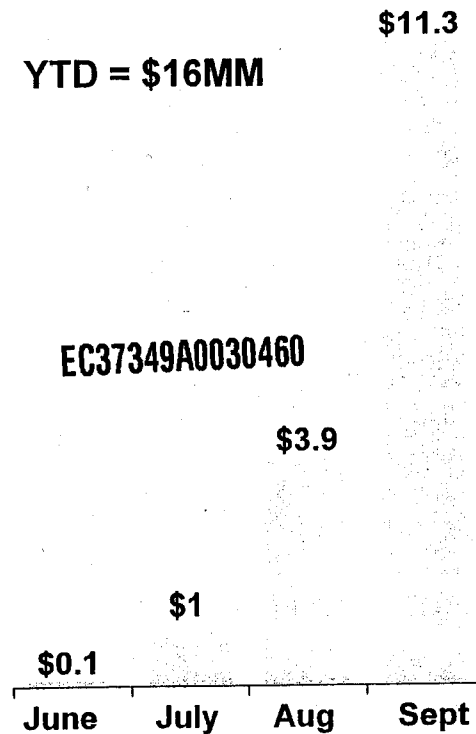
Agents at Month End



Number of Deals Closed by Month



Gross Margin by Month (Millions)



- Direct Sales Costs / Rev
- Gm / Rev

- TX, MA, NY
- Talent Tree & _____

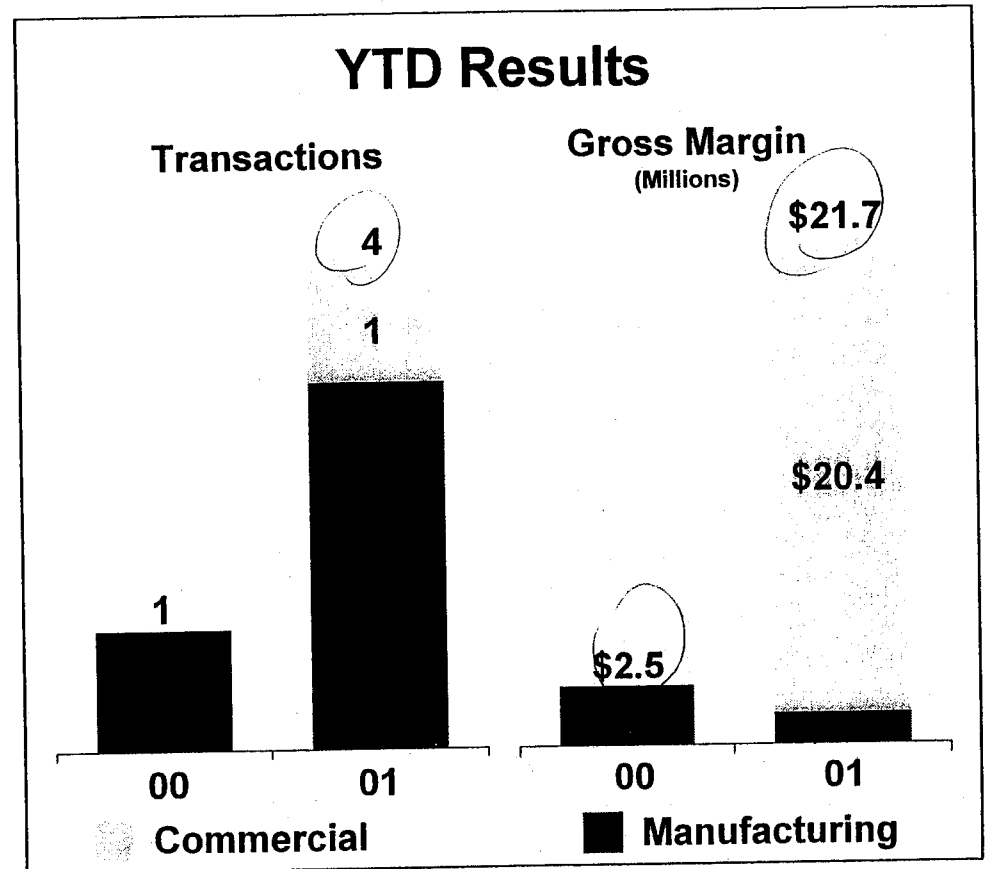
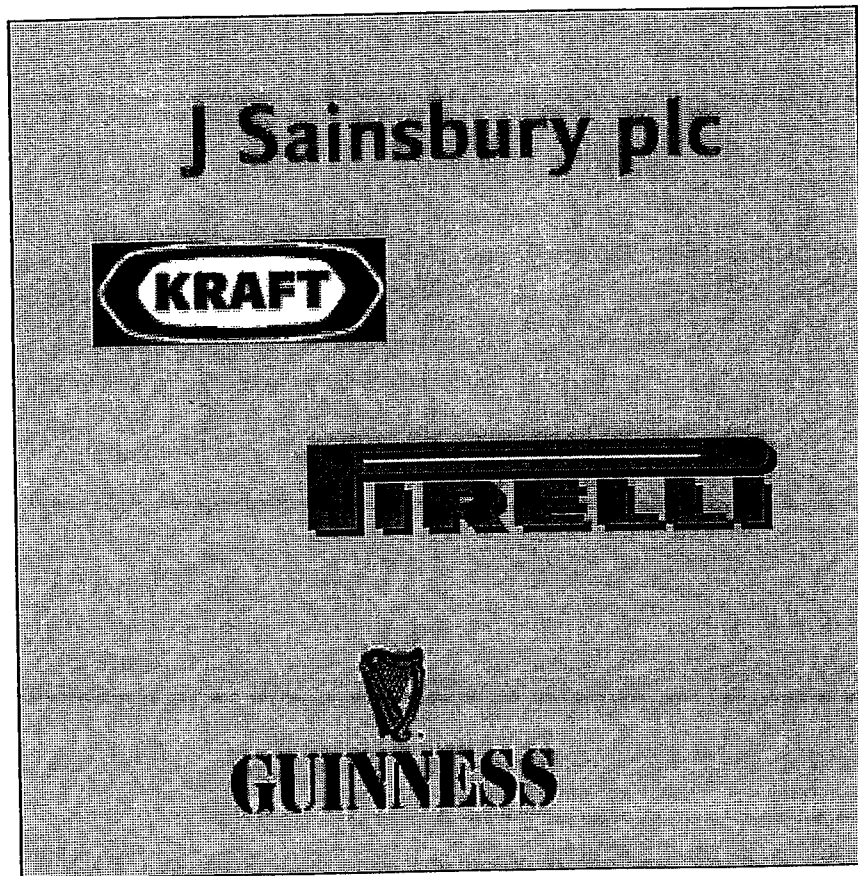
Save ag/Small ?
50/50
model so
Satin/Tony

Large Consumer Business – Europe

- Annual Energy Spend >\$10MM
- High Packaging
- National Footprint

- Enron Sales Force
- Dedicated Service Manager

*grain OK
now. 2011
high*



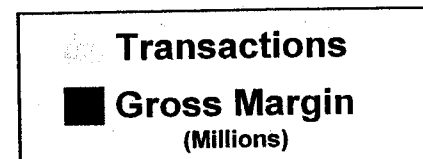
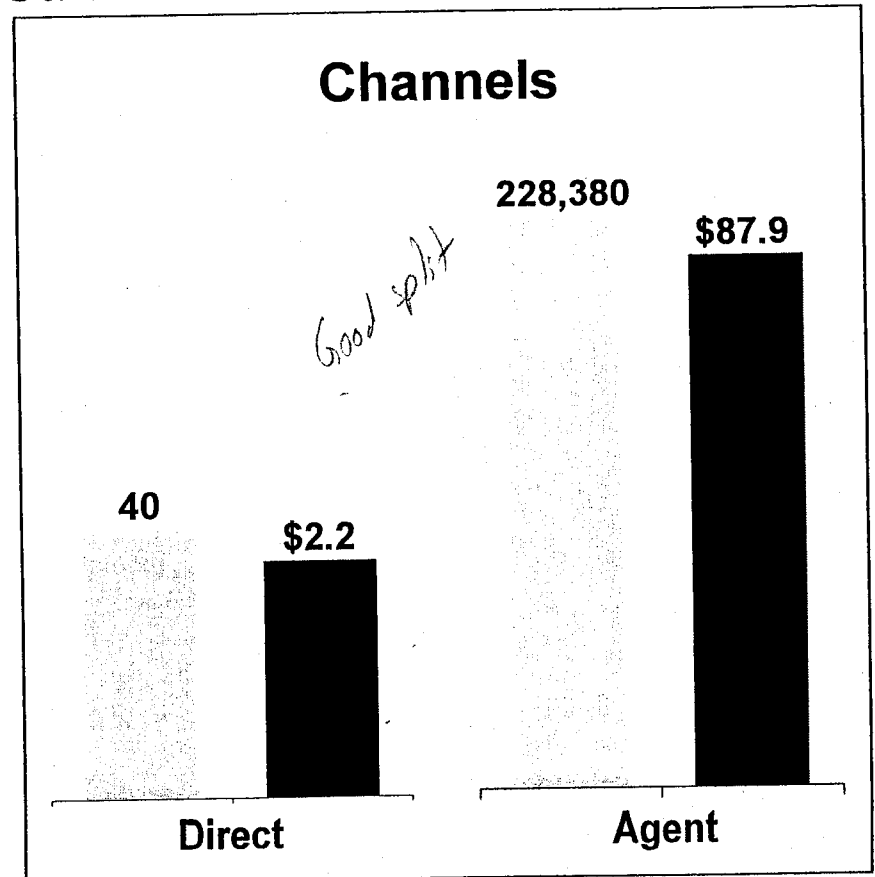
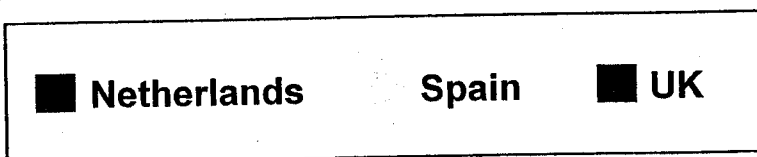
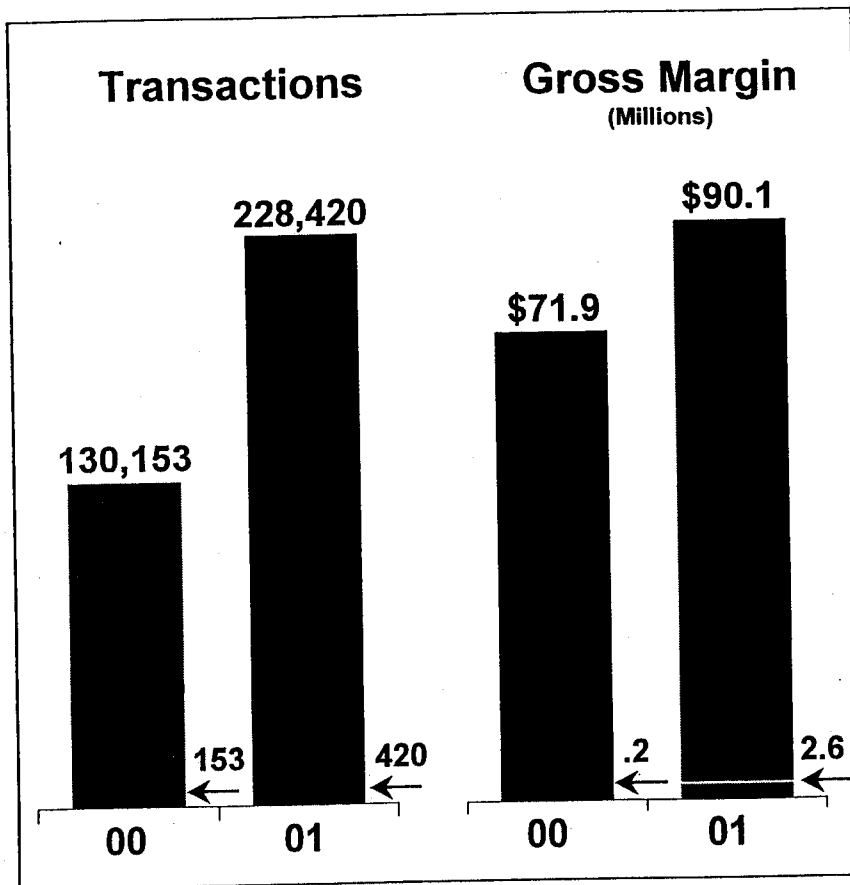
EC37349A0030461

Small Consumer Business – Europe

- Annual Energy Spend <\$10MM
- Highly Standardized
- Regional

- Commissioned Sales Force
- Call Center Support

YTD Results



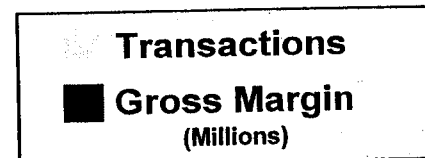
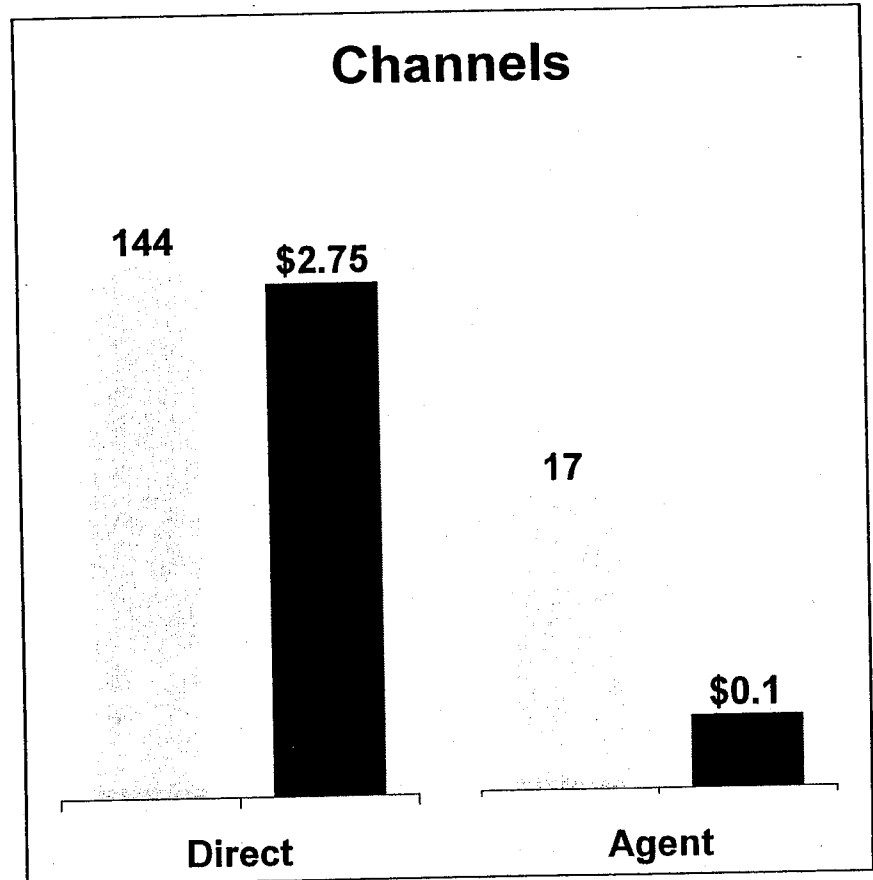
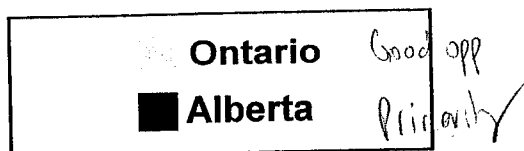
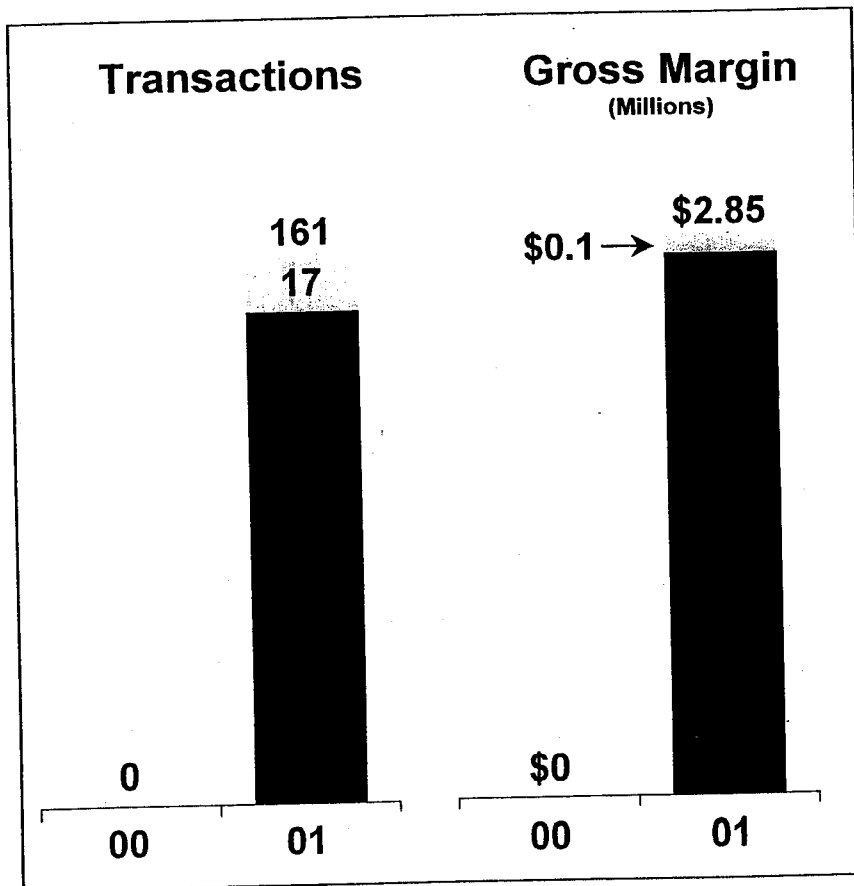
EC37349A0030462

Small Consumer Business – Canada

- Annual Energy Spend <\$10MM
- Highly Standardized
- Regional

- Commissioned Sales Force
- Call Center Support

YTD Results

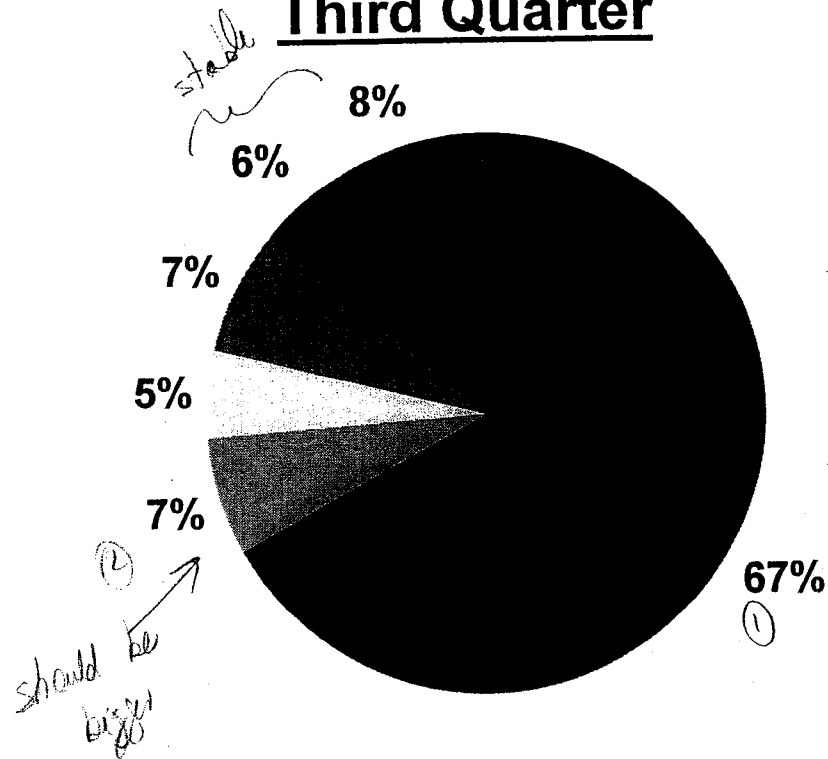


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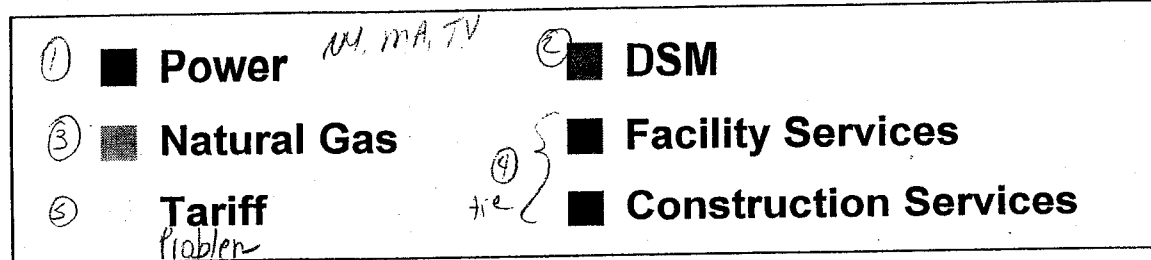
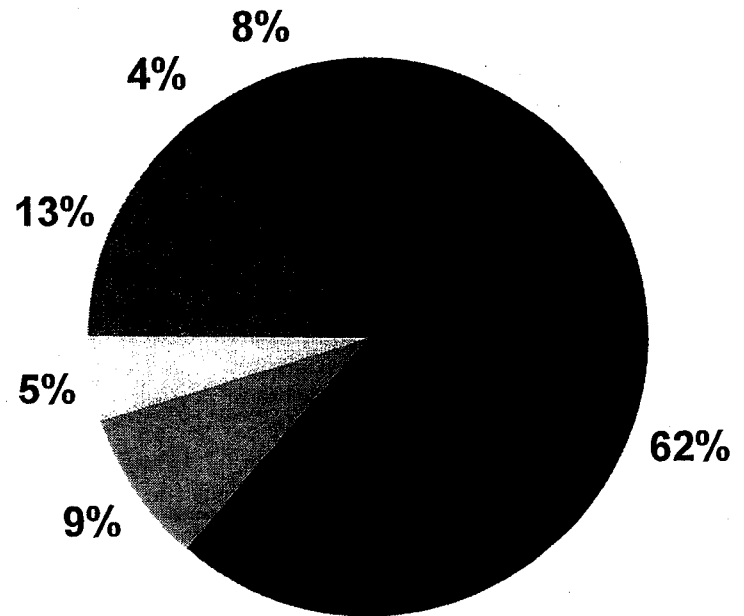
Global Product Mix

Percent of Gross Margin

Third Quarter



Fourth Quarter (E)



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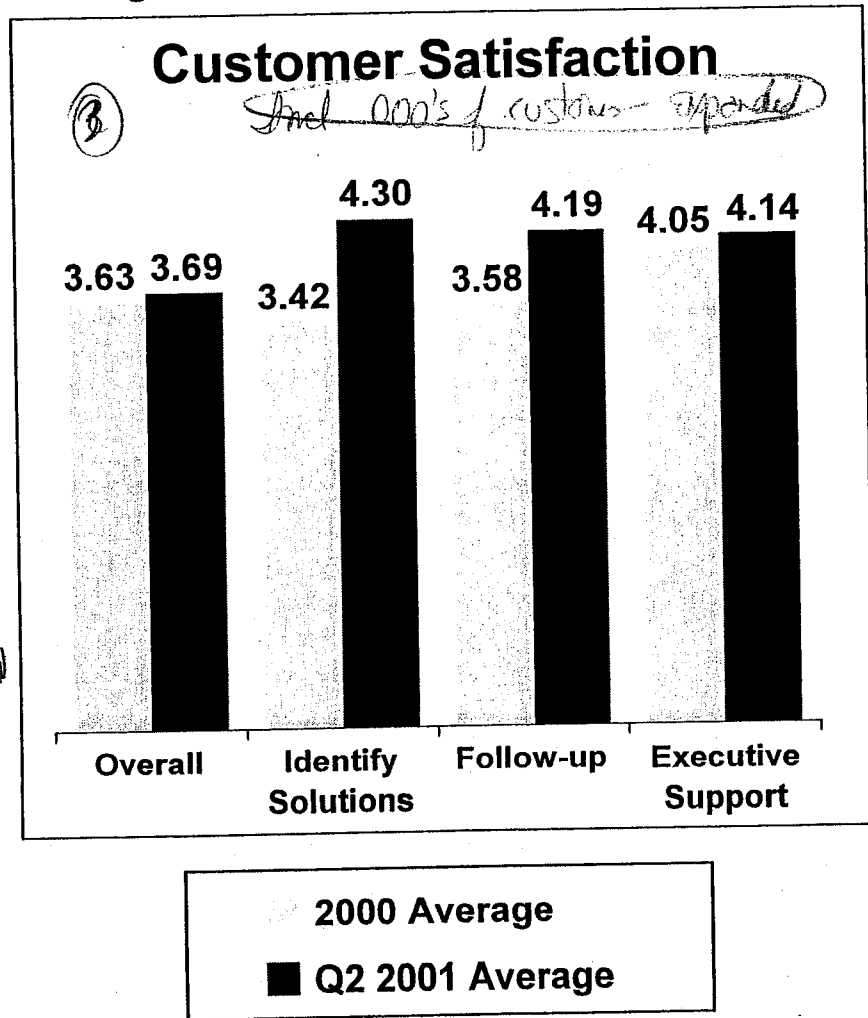
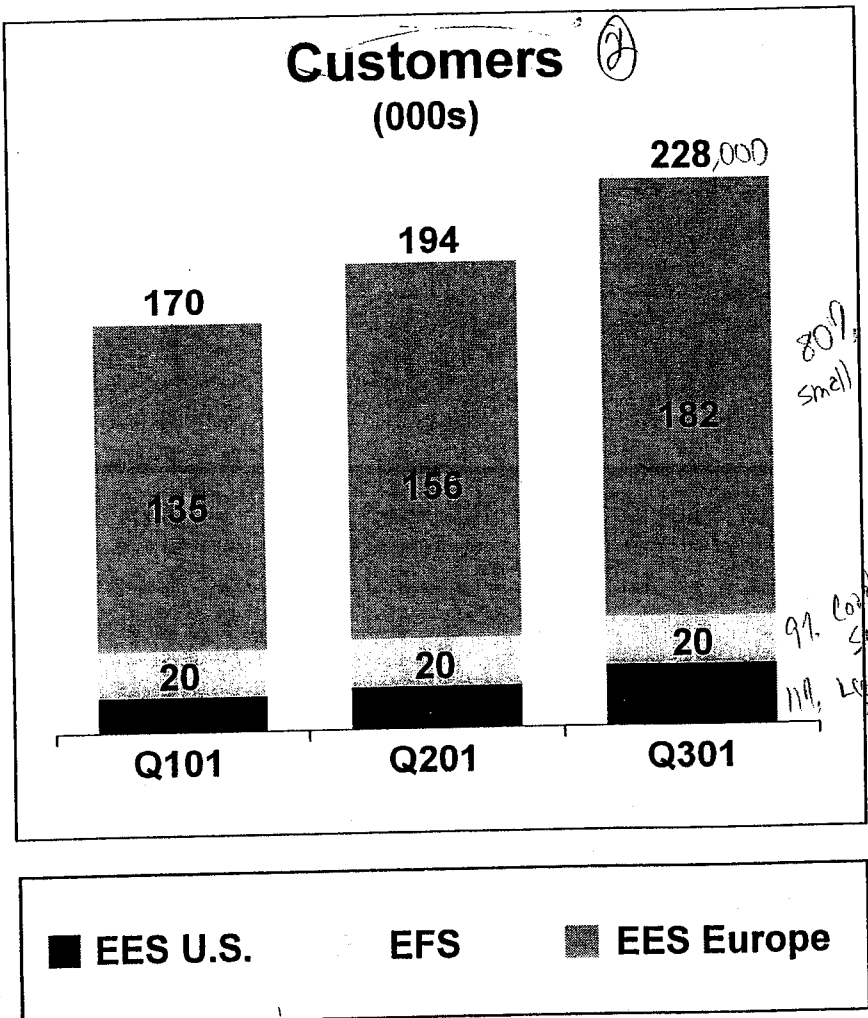
den

2253.11

Services

- Client Management
- Contract Compliance
- Customer Issues Management
- Call Center Management

- Billing
- Customer Enrollment and Set-up
- Ensures Customer Satisfaction
- Manages Maintenance Costs



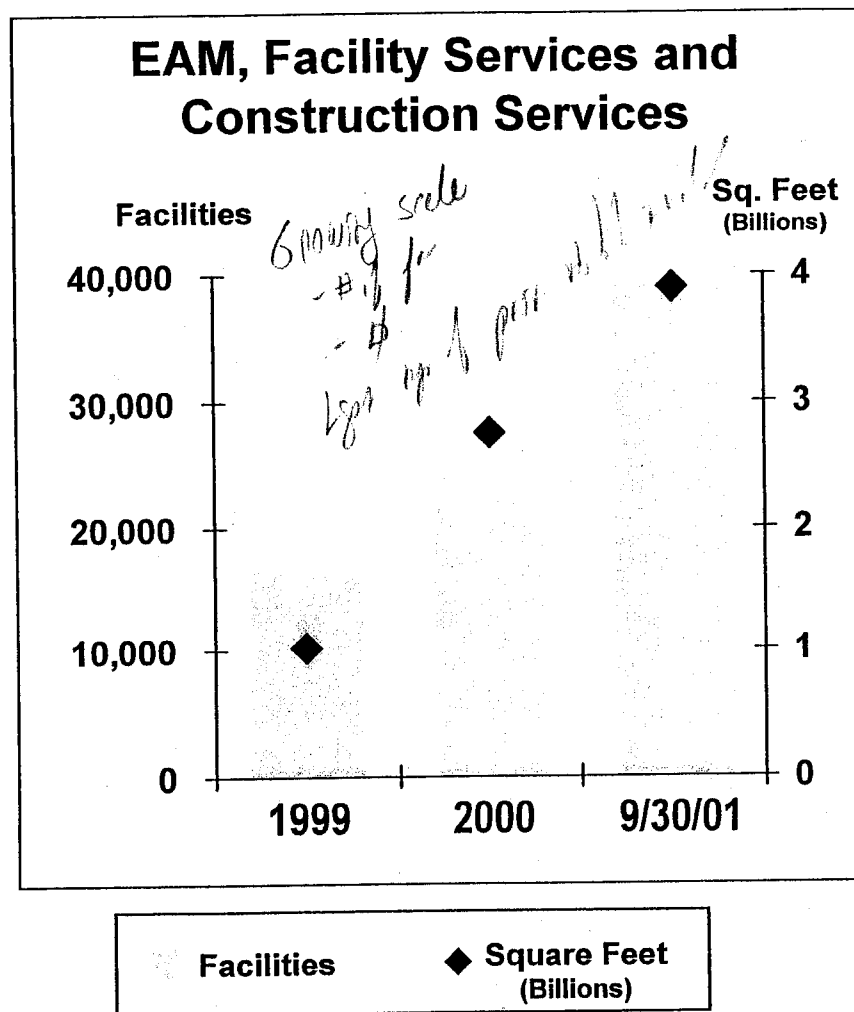
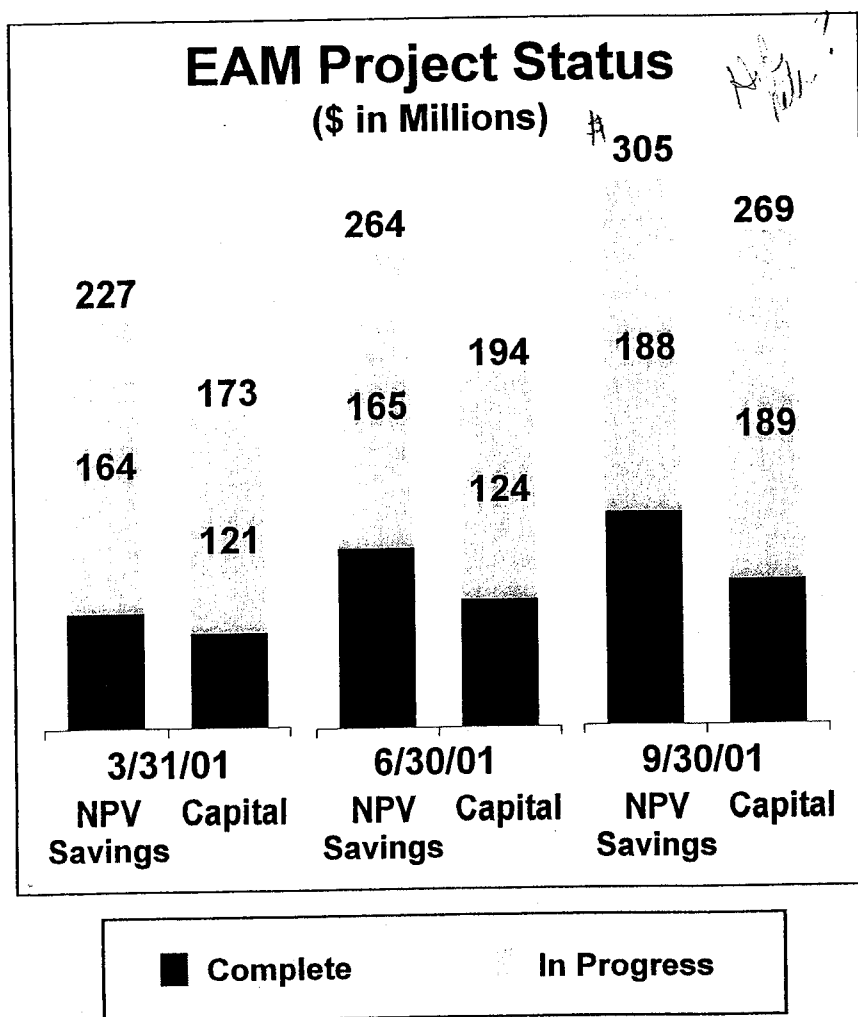
EC37349A0030465

Energy Asset Management

*o New & deliver
inside existing
plants
manage existing*

- Products: DSM, Load Curtailment, Distributed Generation, Facility Services

- Pricing, Delivery, Execution and Verification
- Performance Measurement
- Syndication and Sourcing

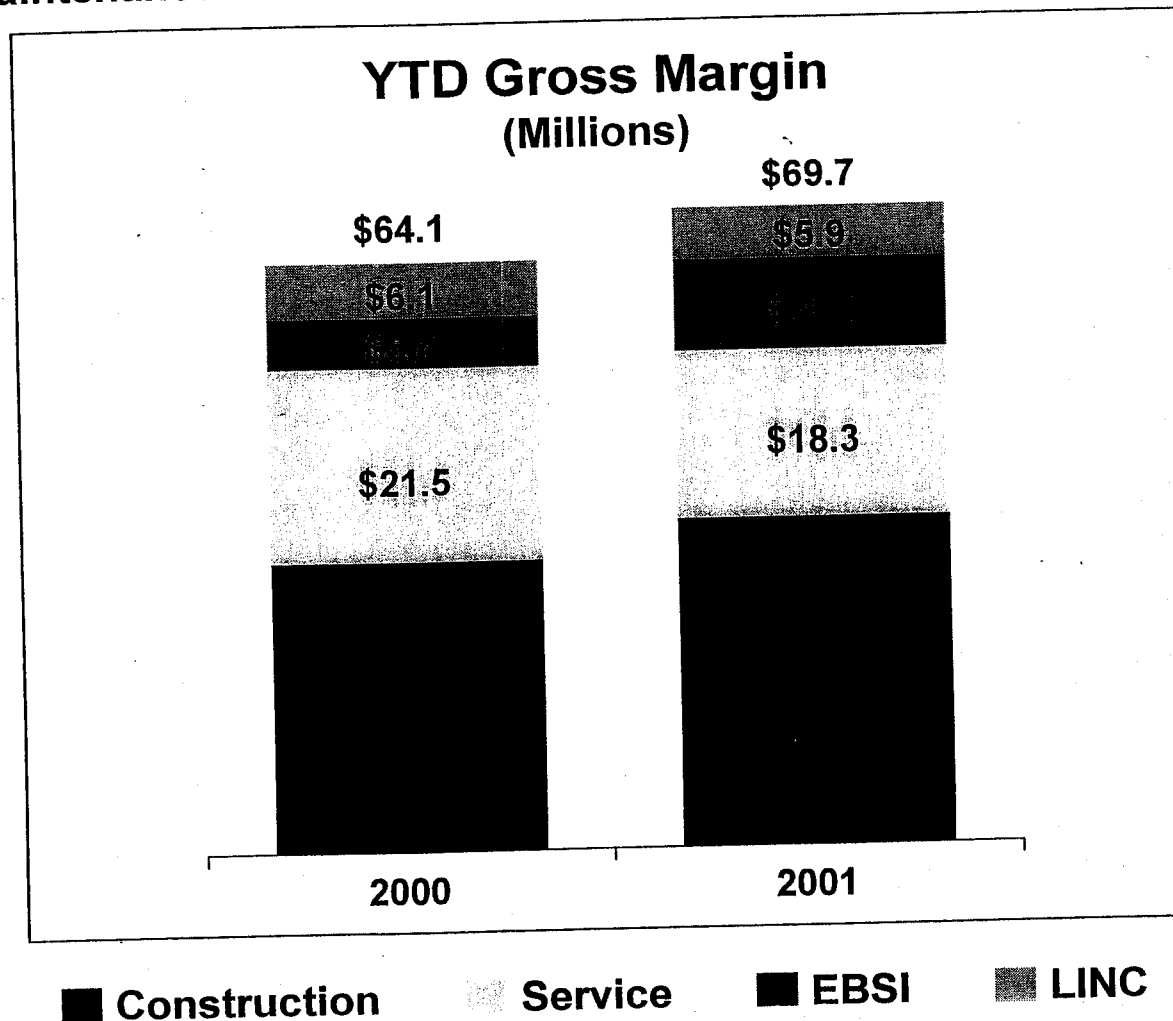


EC37349A0030466

Enron Facility Services

- Engineering and Construction
- HVAC Operations and Maintenance
- Facility Management
- HVAC Service Franchising

*Ag'd 3 yrs ago
600 12 hrs
Kenny
Perry
etc etc
3rd party source*



EC37349A0030467

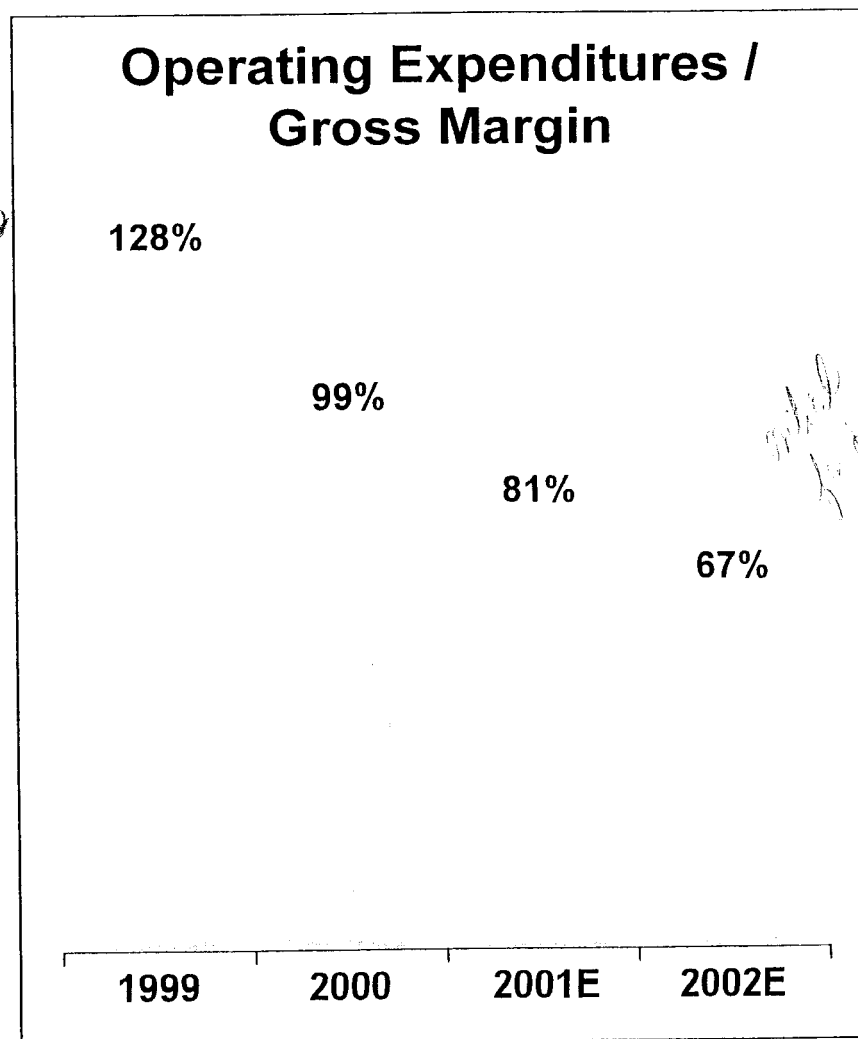
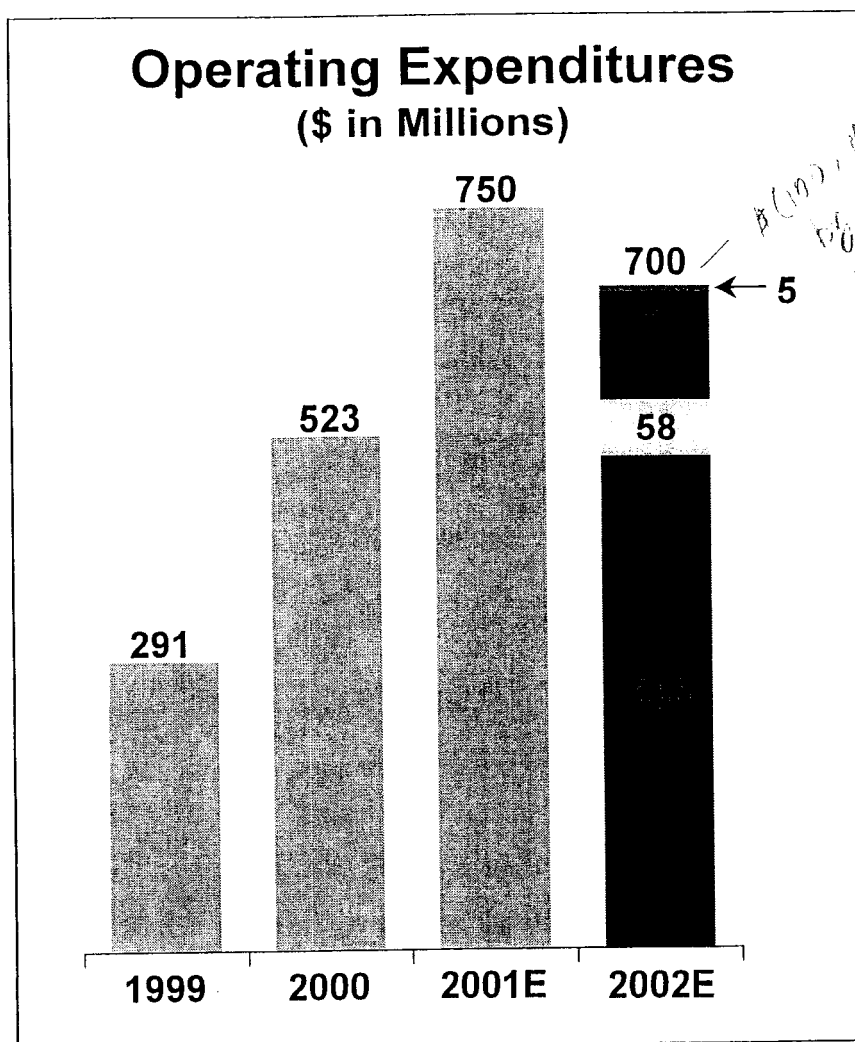
Risk Management

*Transform to
wholesale only*

- **Commodity Risk Management Services**
 - Power
 - Gas
 - Tariff
- **Logistics**
- **Back-Office**
- **Risk Analysis**
- **Deal Capture and Validation**

EC37349A0030468

Cost Structure



■ U.S. EFS ■ Europe TNPC ■ Canada

EC37349A0030469

Dail

Closing Remarks


- Clean-up "Legacy" Issues
 - "Re-tooling Plane In Flight"
- Reducing Capital Intensity
 - Lease for DSM
 - Clean-up Accounts Receivable
- Business Model Implemented: Working
- Reducing Costs
- Margin Recognition at the Offer and Eliminated the Sales Incentive Program for the Large Consumer Business
- Customer Service and Commissions Removed from Margin and Reserved

- Expand cust. base
- Scale
- Debt "legacy"
- Free up capital
- Reduce costs
- SIP - TCV incentive removed, CF + ~~EB~~ earnings key

EC37349A0030470

Closing Remarks

- **Driving into New Markets: Geographic and Segment**
- **Driving New Products**
 - **Increased Focus on Gas, Energy Services and Other New Products Under Development**
- **Ensuring High Quality and Scalable Execution**
- **Mining the Portfolio**

- 
- **Equals**
 - **Increased Customer Satisfaction**
 - **Increased Growth**
 - **Increased Profitability**

EC37349A0030471

Q & A

Ken's List of the following
a Good Program



Enron Energy Services

EC37349A0030472



Enron Americas

EC37349A0030473

Agenda

JK

- **Business Principles**
- **Financial Results**
- **Gas & Power Fundamentals**
- **North America Business Discussion**
- **Retail Risk Management Discussion**
- **South America Merchant Discussion**

EC37349A0030474

Business Principles

(Merchant Natural Gas and Power Business)

- **Goals are to expand and enhance our capabilities in:**
 - **RECRUIT AND RETAIN THE BEST TALENT**
 - **CONSTANTLY EXPAND LIQUIDITY - PRODUCTS AND LOCATIONS**
 - **BE THE LEADING MARKET MAKER**
 - **COVER ALL THE WHOLESALE CUSTOMERS TO ENSURE SIZEABLE DEAL FLOW**
 - **CONTINUALLY EXPAND OUR OUTSOURCING RELATIONSHIPS**
 - **CREATE A WORLD CLASS INTERNAL RESEARCH CAPABILITY**

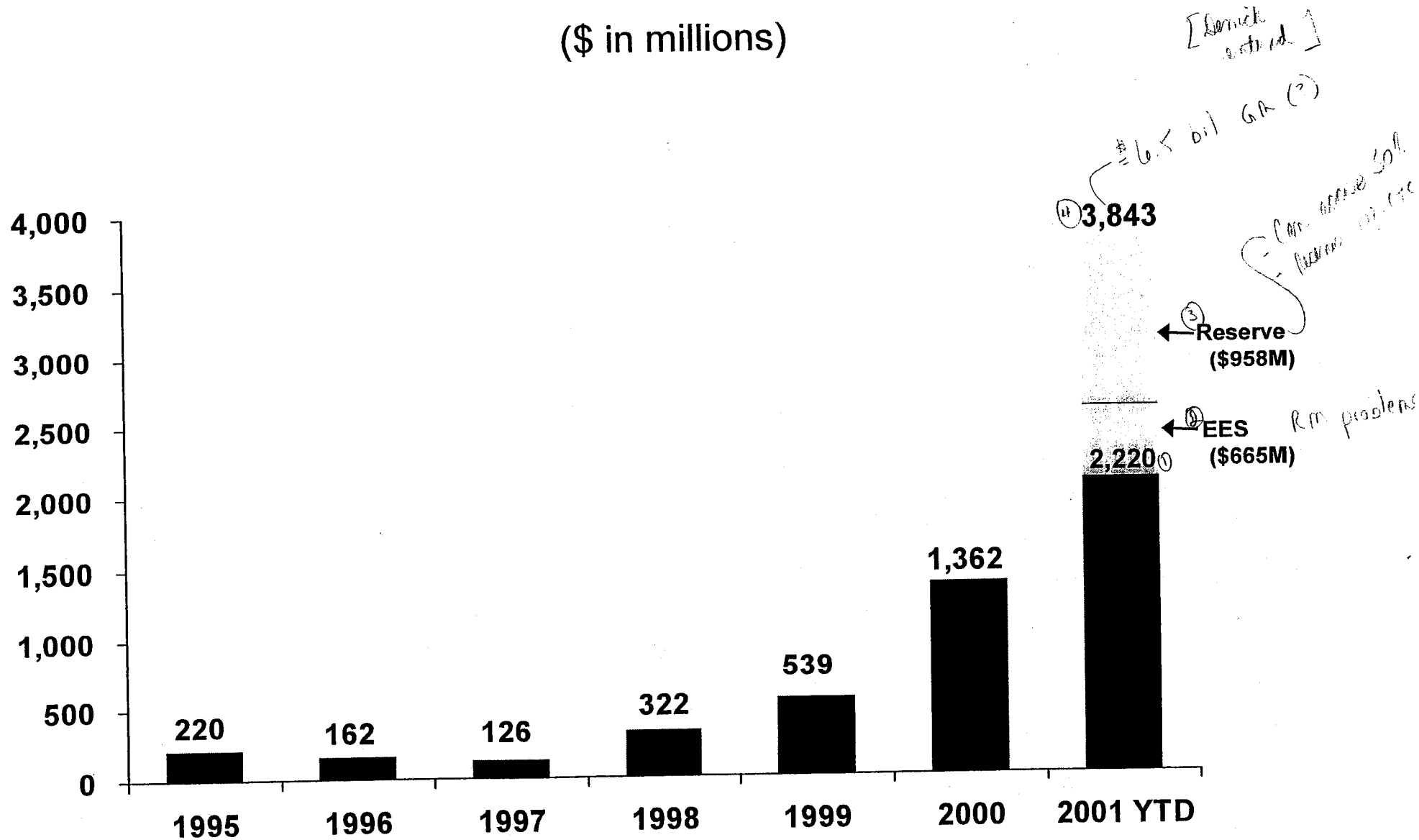
- **ACCOMPLISHING THESE GOALS LEADS TO:**
 - **THE ABILITY TO IDENTIFY AND EXECUTE HIGHLY STRUCTURED TRANSACTIONS**
 - **THE ABILITY TO SUCCESSFULLY TAKE POSITIONS ON MARKET DIRECTION**

good & consistent

EC37349A0030475

Enron North America EBIT Without Reductions

(\$ in millions)

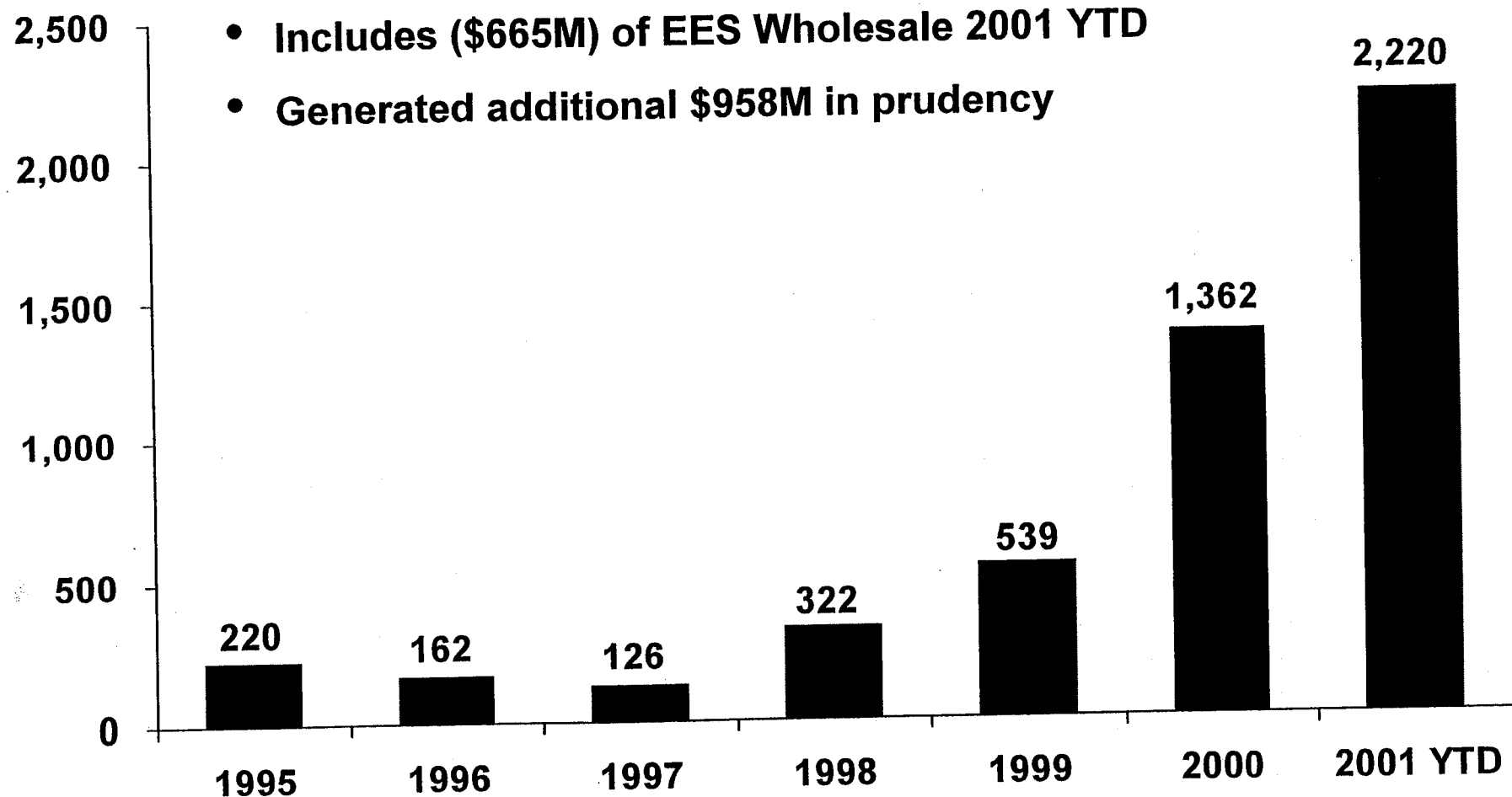


EC37349A0030476

Enron North America EBIT

(\$ in millions)

- EGM and EIM transferred out 3Q 2000
- Includes (\$665M) of EES Wholesale 2001 YTD
- Generated additional \$958M in prudence



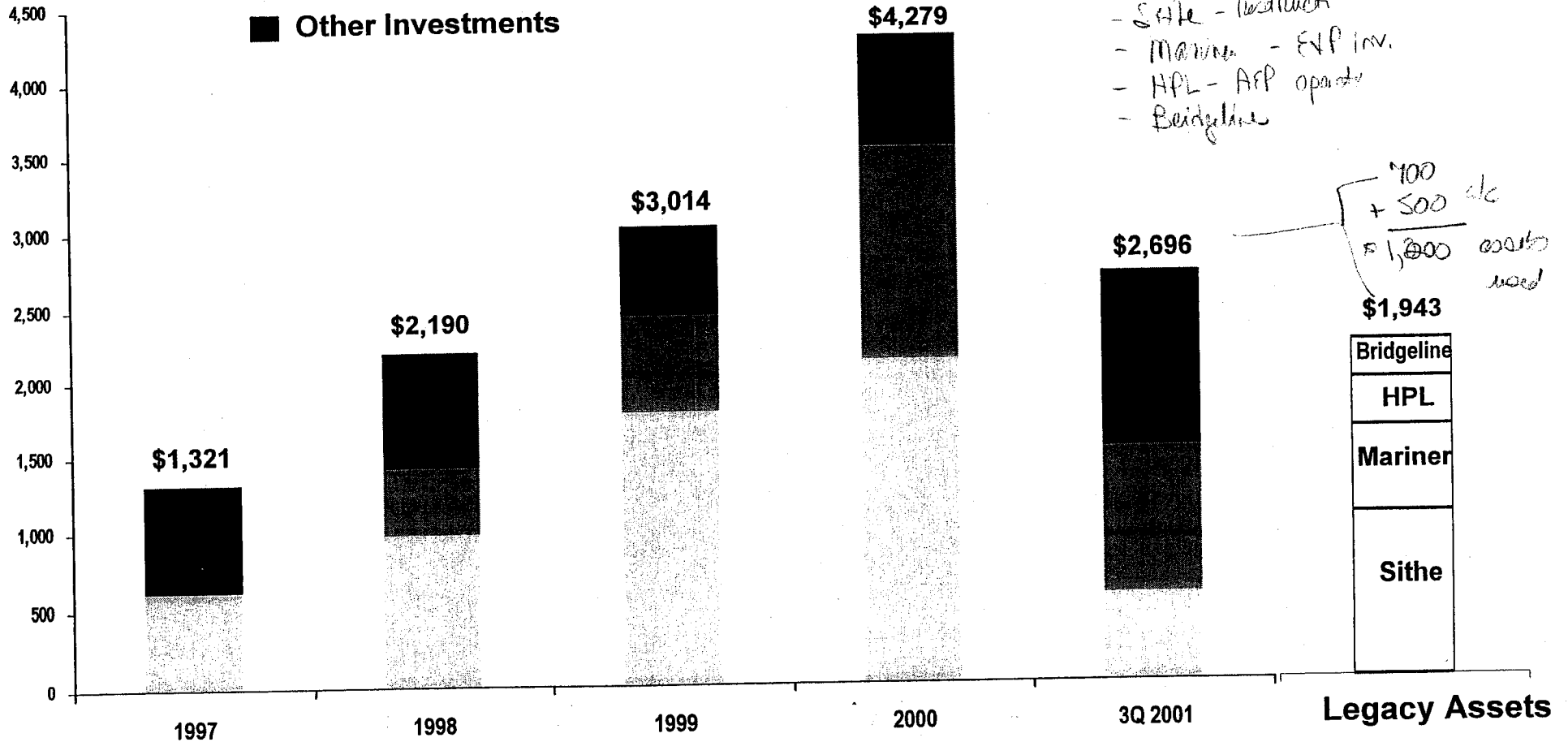
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Enron North America Net Assets

(excludes Retail Risk Management)

(\$ in millions)

Property, Plant & Equipment
 Merchant Assets
 Other Investments



EC37349A0030478

Financial Highlights

(\$ in millions)

	Total Year 2000	9/30 YTD 2001		
	EA	EA	EES W	YTD
Earnings Before Interest & Taxes	\$ 1,362	\$ 2,885	\$ (665)	\$ 2,220
Funds Flow	\$ 937	\$ 2,101	\$ 30	\$ 2,131
Cash Flow from Operations	\$ 2,988	\$ (36)	\$ (538)	\$ (574)
Capital Deployed*	\$ 3,252	\$ 3,194	\$ 750	\$ 3,944

(Act. low due to merger creating 1ge Wic)

① 20% collected in deposits

② 1m 13 Bt cost

③

*Excludes Goodwill and HPL FV \$3.0B

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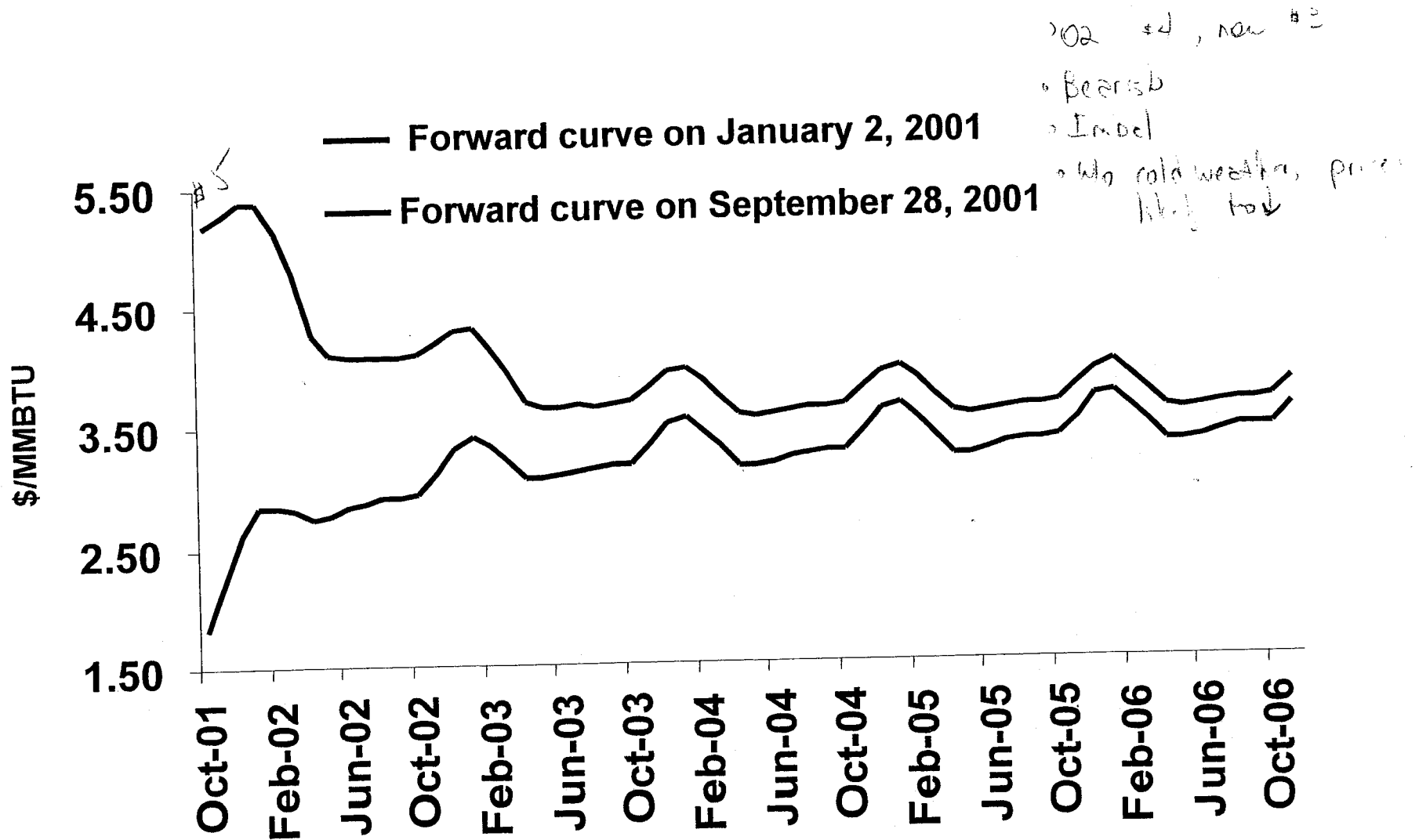
Key Fundamental Events Gas Market

- Gas rig count peaked at ^{71,000} 1,058 in July 2001
 - Domestic production of gas increased by 2 Bcf/day
- 2.5 Bcf/day of industrial gas demand was lost from ^{fertilizer} March 2000 to January 2001
- Injected 2,130 Bcf this season; 4.9 Bcf/day more than last year

LNG 1.800 mmd fm 200 ; now drops

EC37349A0030480

NG Forward Curve Comparison



EC37349A0030481

Key Fundamental Events East Power

- **Supply Factors**

- Over 60,000 MW of gas-fired generation came on in the last 21 months
- Nuclear generation up by 5.8% over 2000 – 4,364 MW

- **Demand Factors**

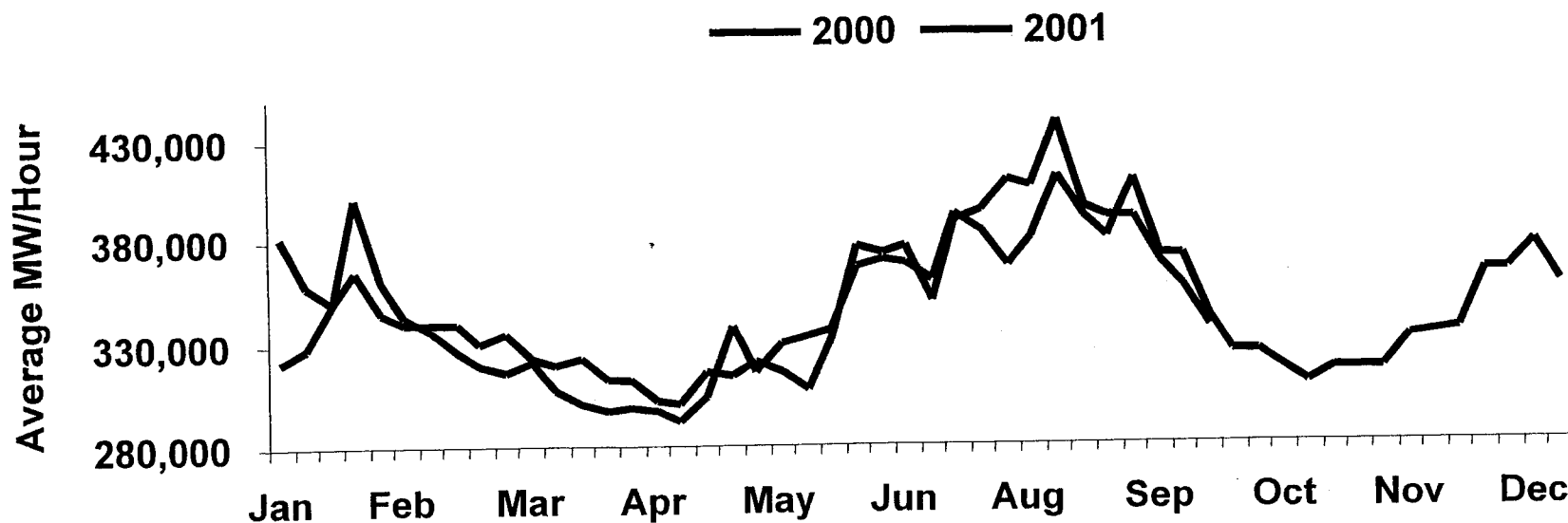
- Lower than expected load growth – 1-2% actual vs. 4-5% forecast
- Slowing economy/ Industrial recession

- **Stabilizing prices**

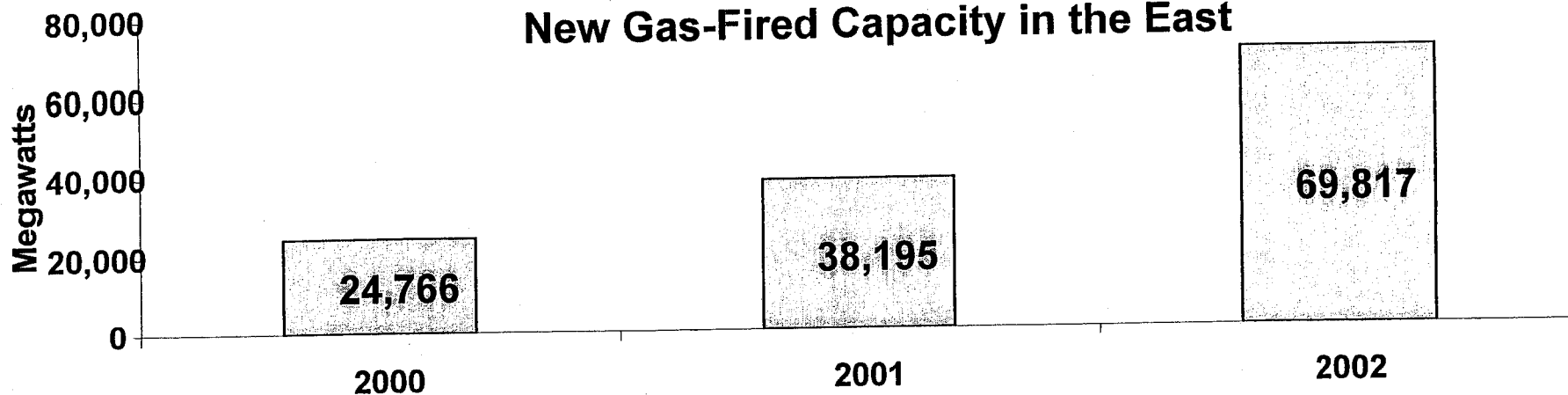
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Eastern Interconnect Demand (Average MW/Hour)

SKIP

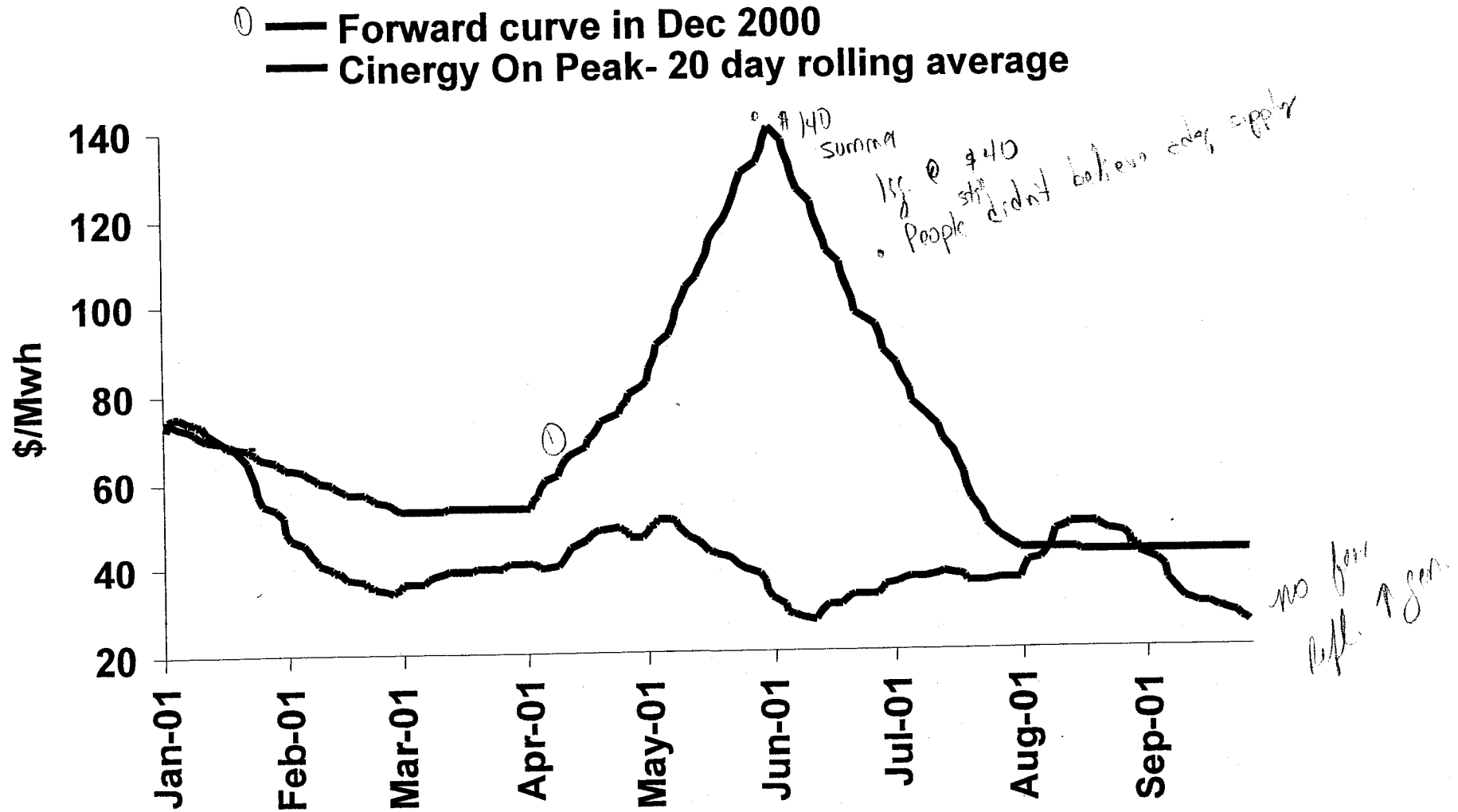


New Gas-Fired Capacity in the East



EC37349A0030483

U.S. Power Price Volatility - East



EC37349A0030484

Key Fundamental Events

West Power

- **Supply factors**

- Added 9,000 MW of gas-fired generation over the last 21 months
- Nuclear utilization up 2,300 MW vs. 2000
- Hydro down 8,500 MW vs. 2000

➤ **Net + 3,000 MW more supply**

*Dropped demand
P&P co.
slow economy*

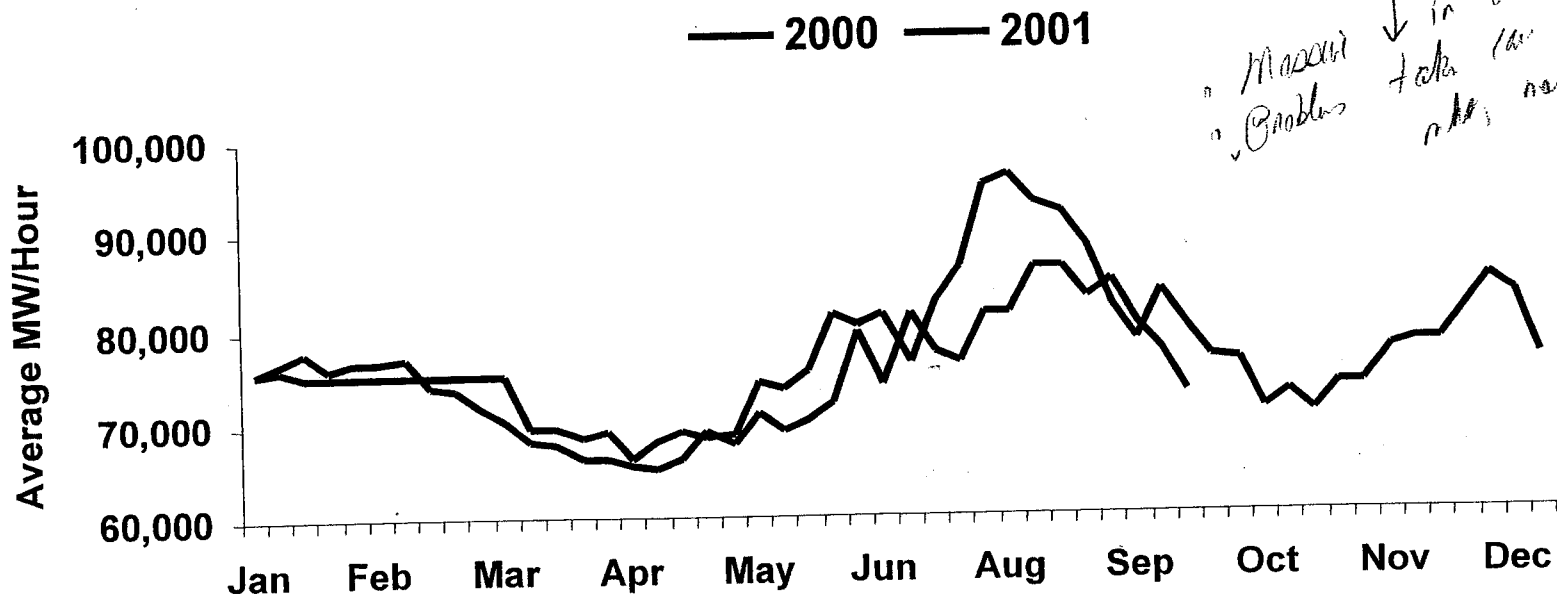
- **Demand**

- Lost 2,300 MW due to residential/commercial conservation
- Lost 1,500 MW from load shedding in Pacific Northwest
- Lost 1,000-3,000 MW due to slowing economy
- Added 1,000 MW due to hotter summer than 2000

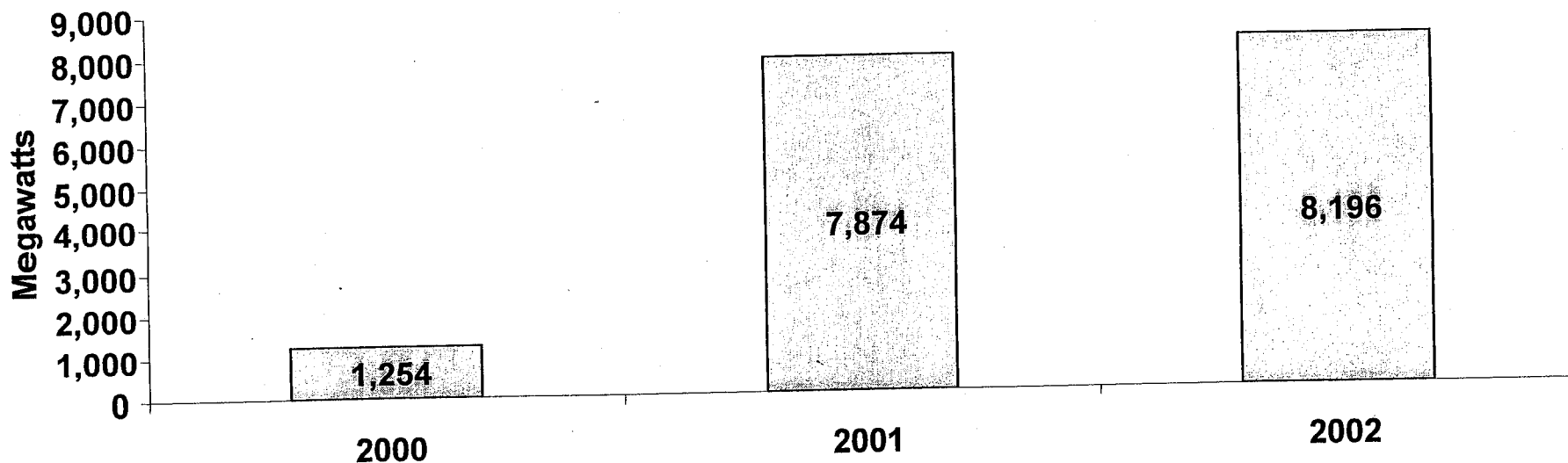
➤ **Net 5,000 MW less demand**

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WSCC Demand (Average MW/Hour)

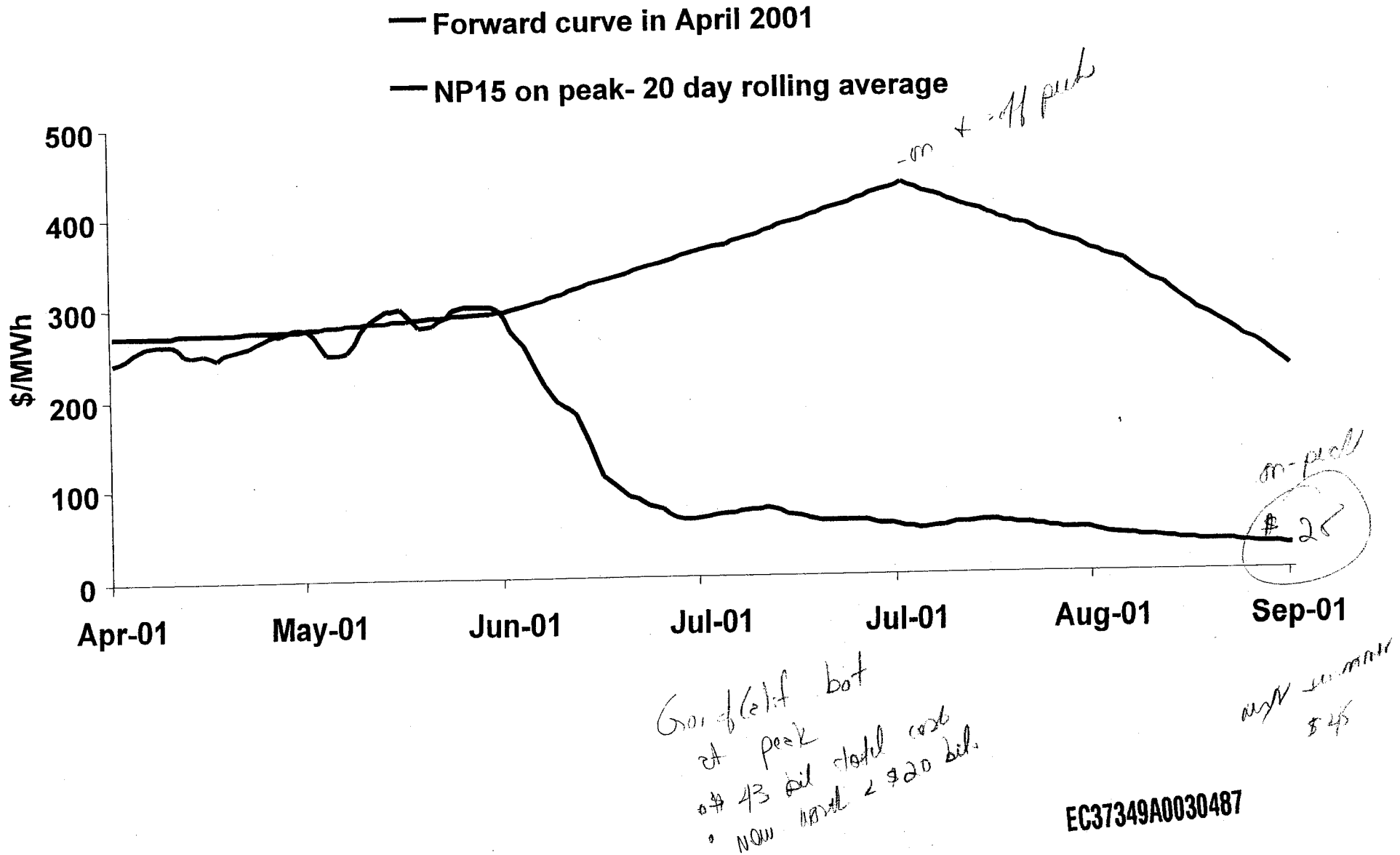


New Gas-Fired Capacity in the West



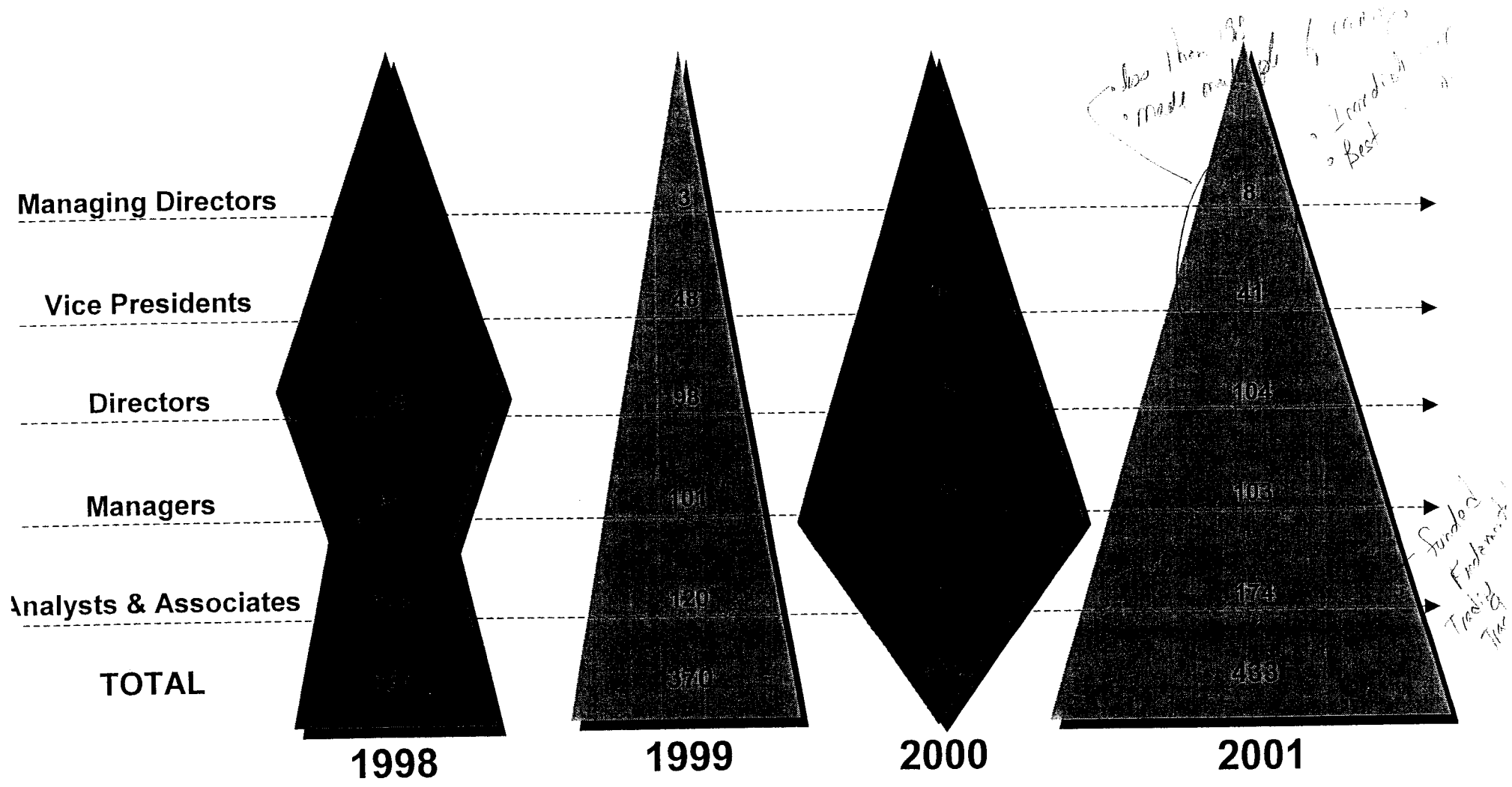
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U.S. Power Price Volatility - West



and ERM & ERM

Enron North America Commercial Headcount



EC37349A0030488

Employment Agreement Statistics

	Overall Totals		Agreement Details 2001		
	Number in Job Group	% Under Employment Agreement	Signed Employment Agreements	Total Cash	Total Equity
Mng. Directors	8	88%	6	\$4,000,000	\$1,850,000
Vice Presidents	41	80%	20	\$1,700,000	\$1,045,000
Directors	104	44%	26	\$1,530,000	\$3,170,000
TOTAL	150	70%	51	\$3,630,000	\$5,365,018

2 yrs. Non competes

↑
 • Top people signed for 100% stock #5
 • Decided retention

#60, 50% options

EC37349A0030489

Enron's Leading Market Position

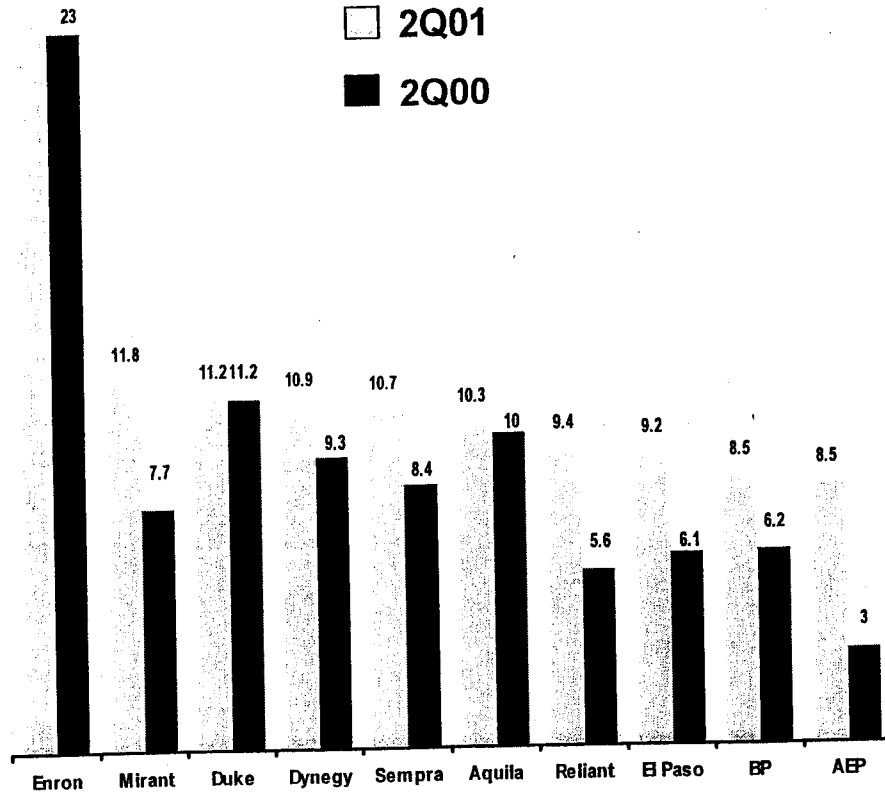
Second Quarter 2000 vs Second Quarter 2001

(TBtue/d)

25.9

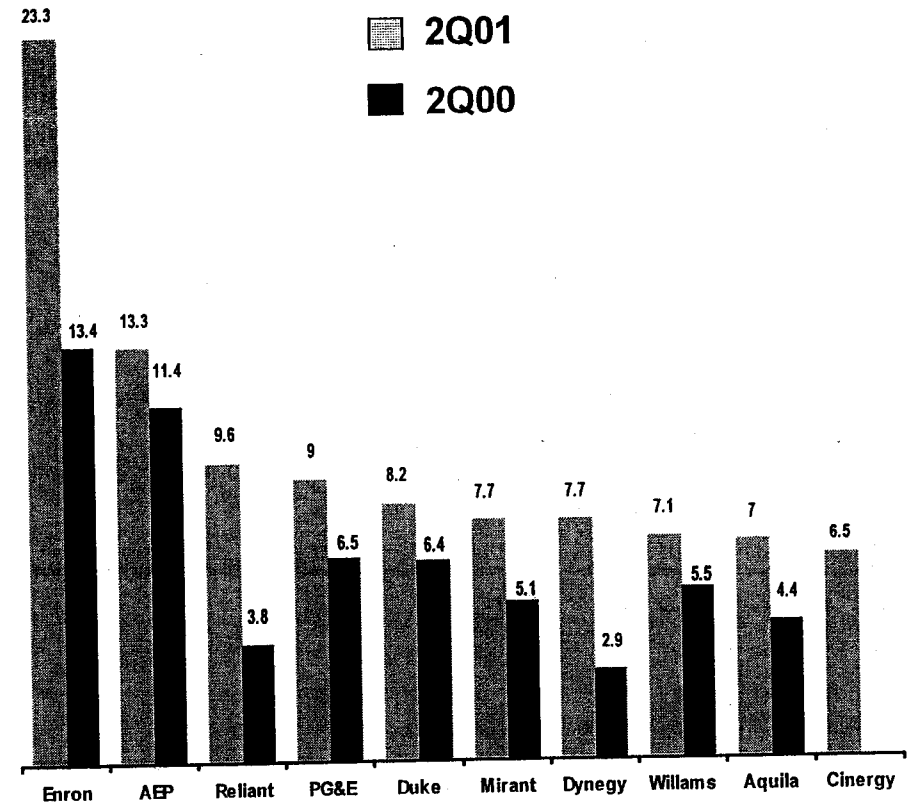
Gas

□ 2Q01
■ 2Q00



Power

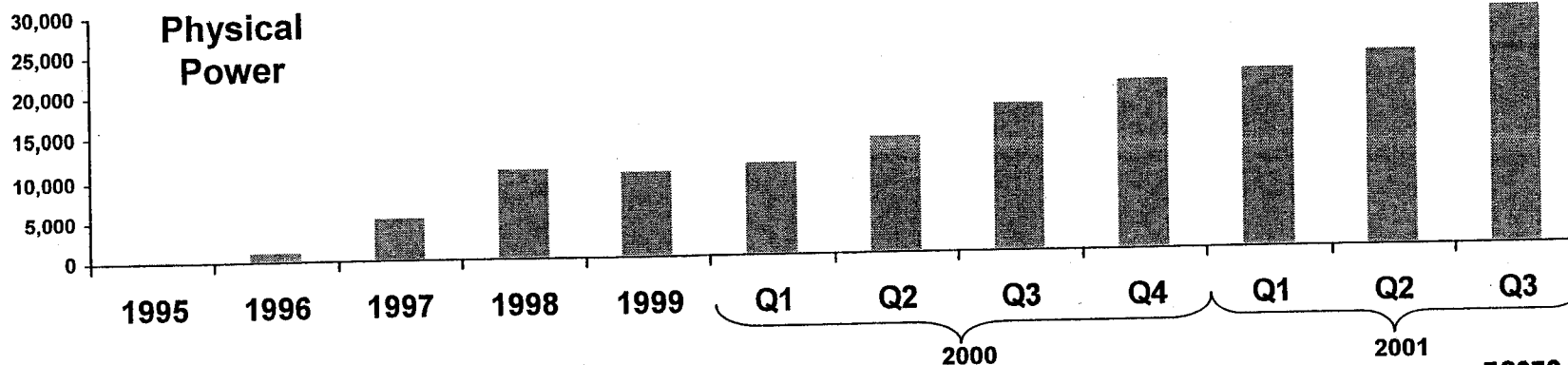
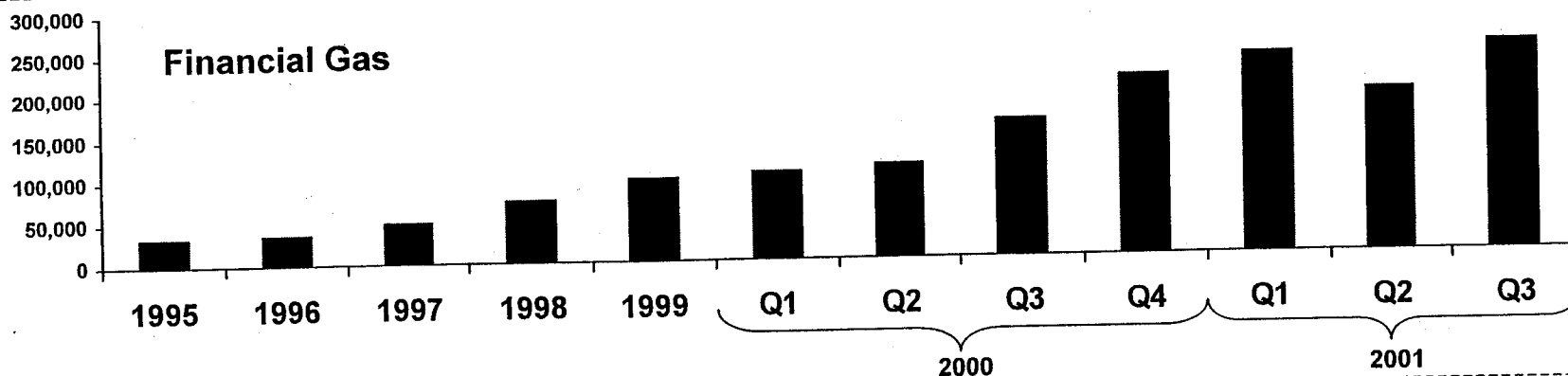
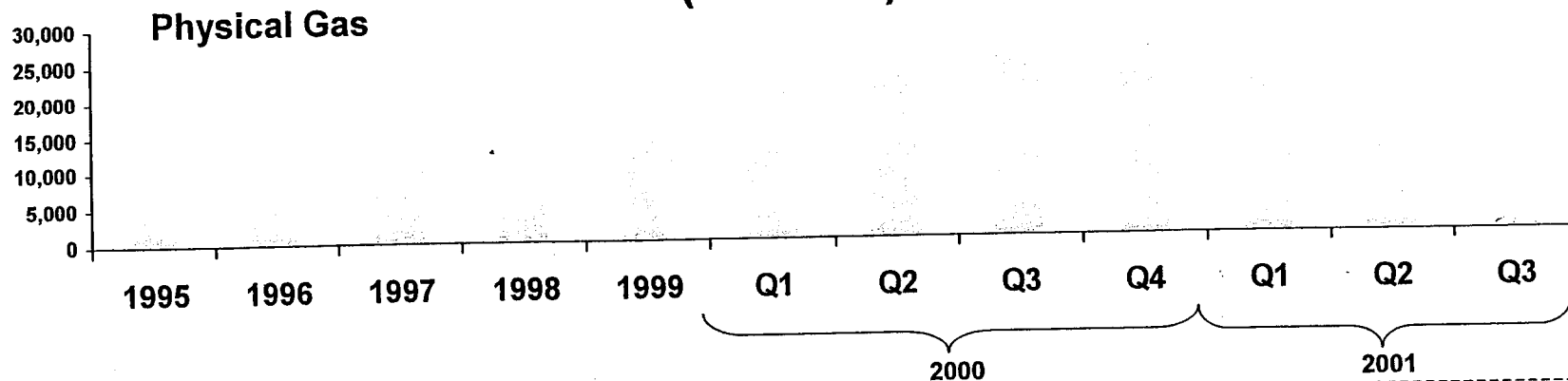
▨ 2Q01
■ 2Q00



o Definitely had market risk
o Whole mkt expanding; increasing
lfg good for everyone
o 2001 caused mkt lfg to collapse

EC37349A0030490

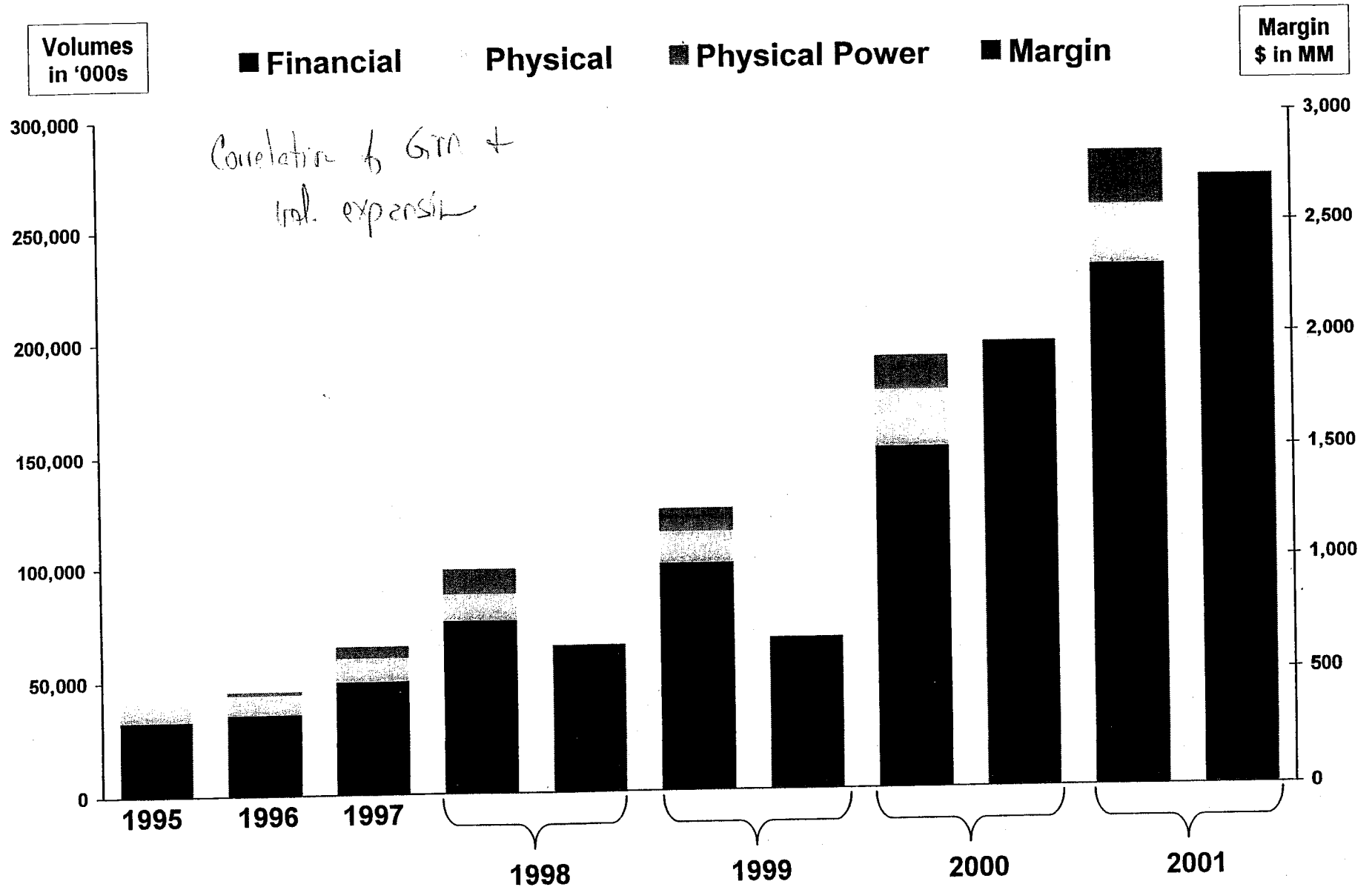
Enron North America Volumes (Bbtue/d)



EC37349A0030491

Enron North America Volumes

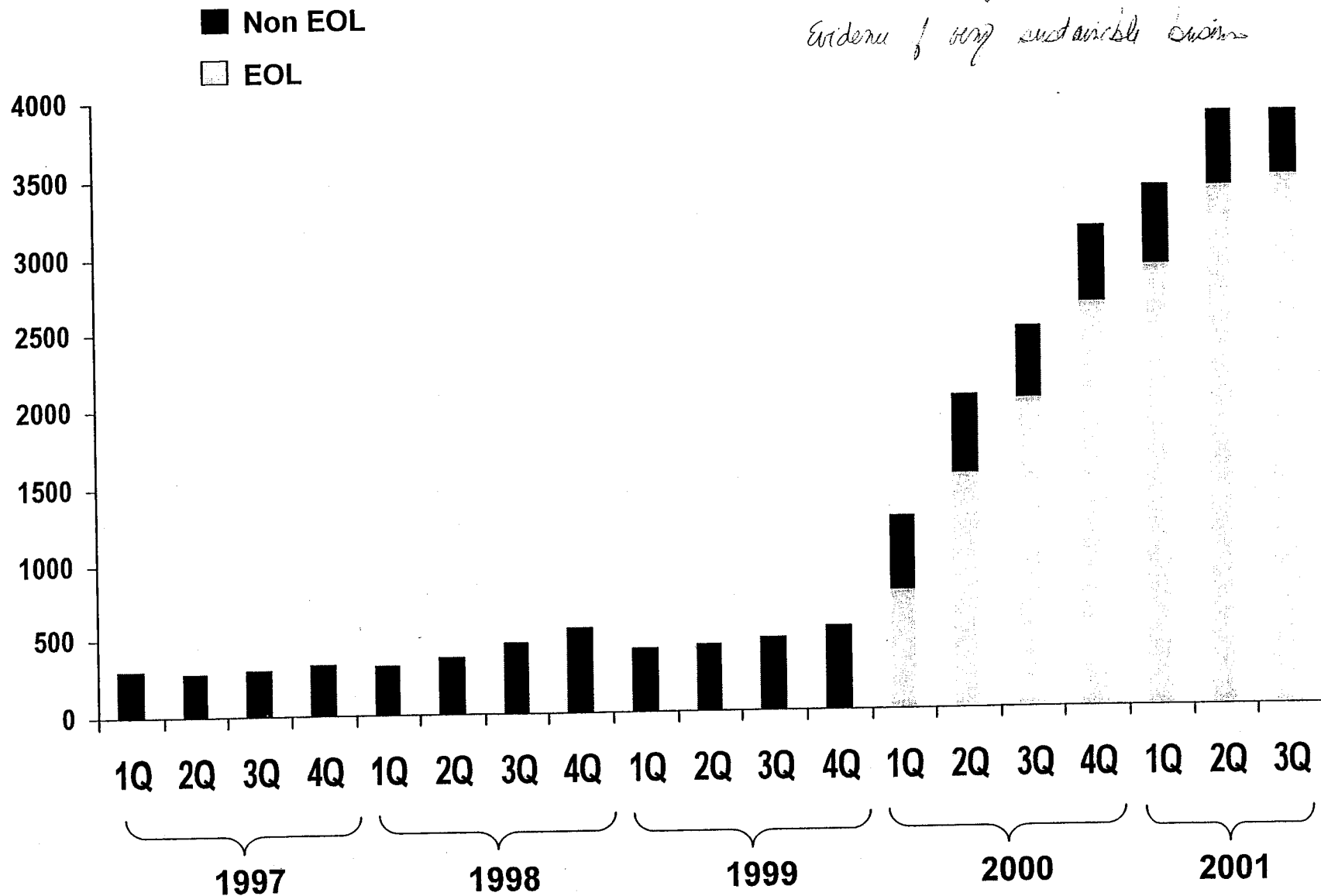
(Bbtue/d)



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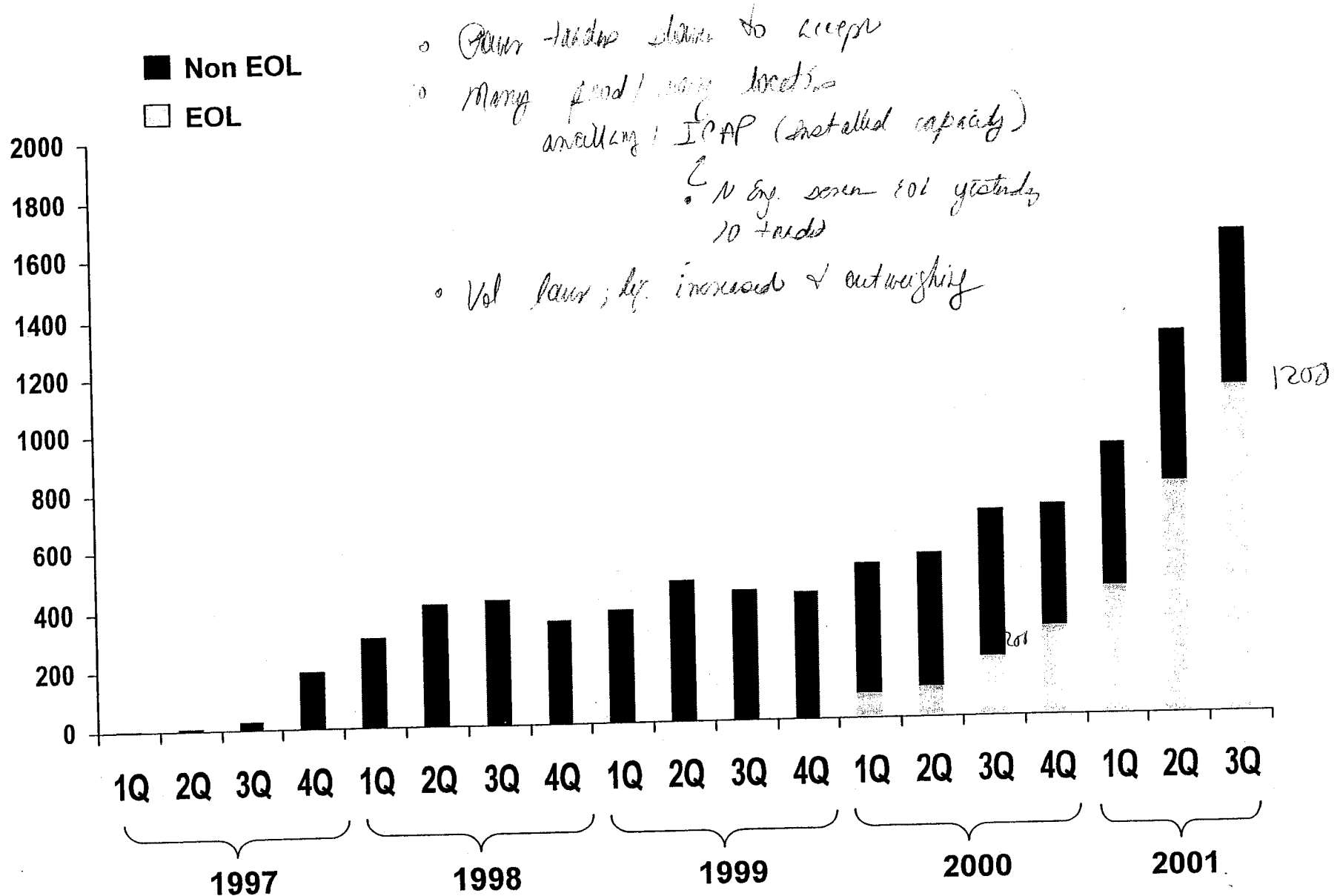
Enron North America Gas Transactions Per Day

*Gives sense of mkt. strength
Evidence of very sustainable business*



EC37349A0030493

Enron North America Power Transactions Per Day

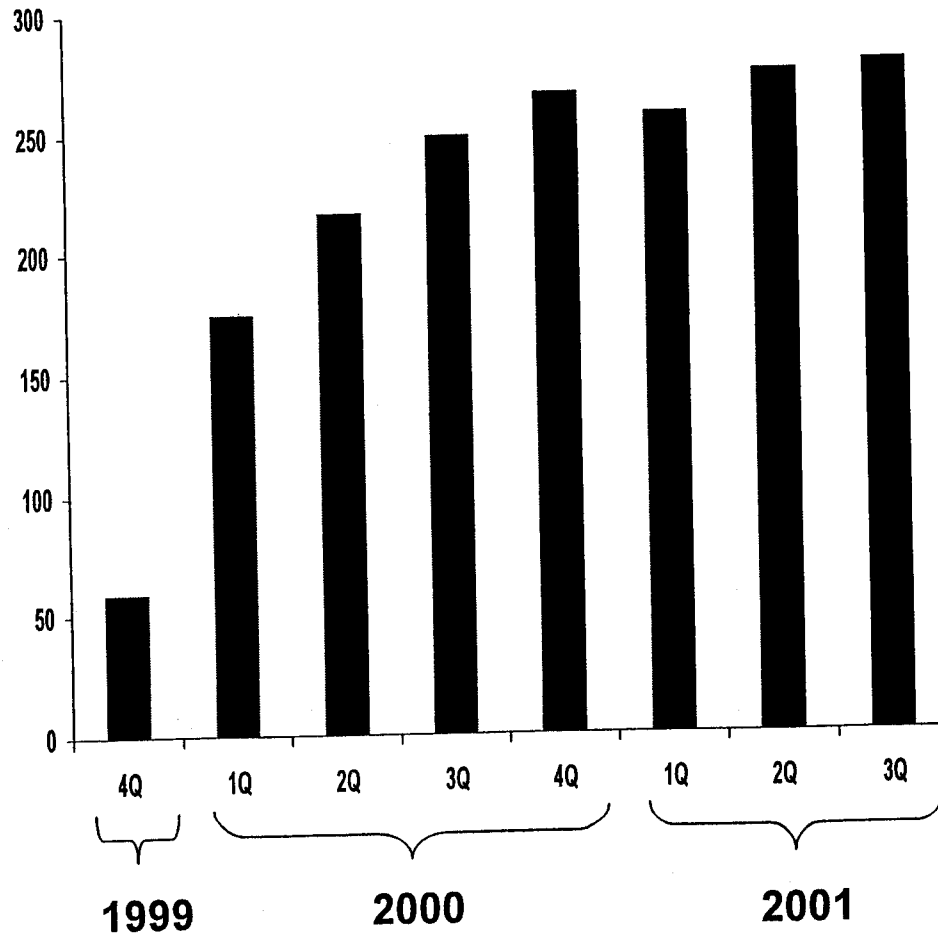


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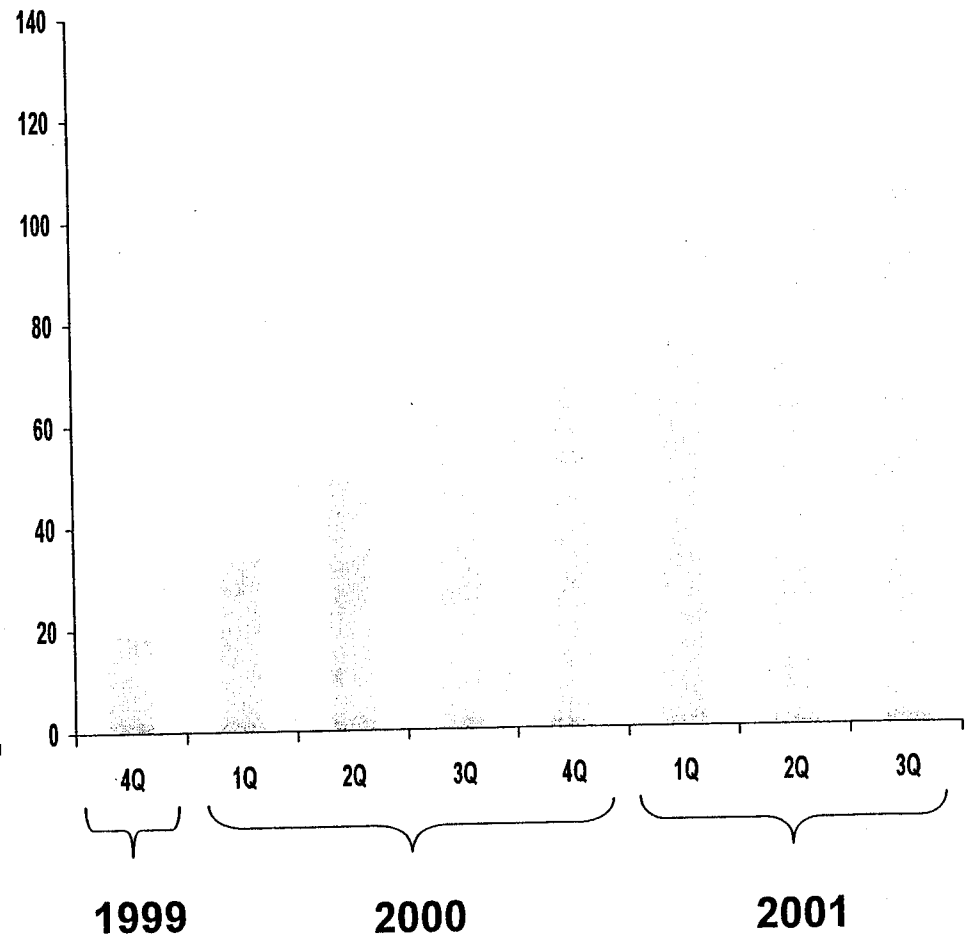
Enron North America EOL Counterparties

(DUR counted as 1 c/p,
although multiple trades)

Gas



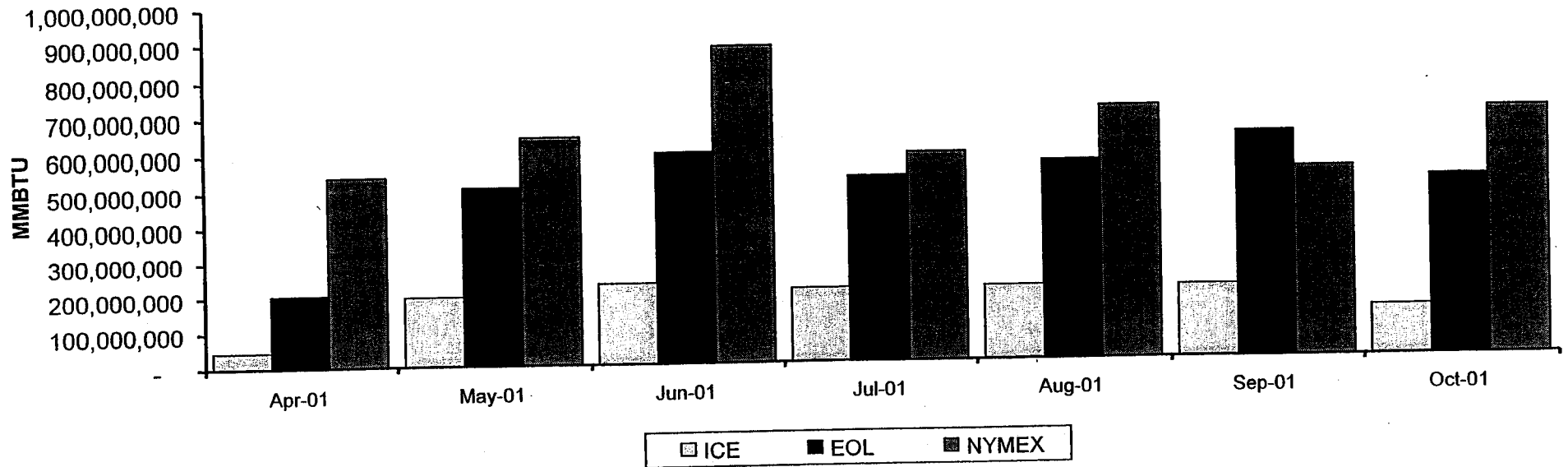
Power



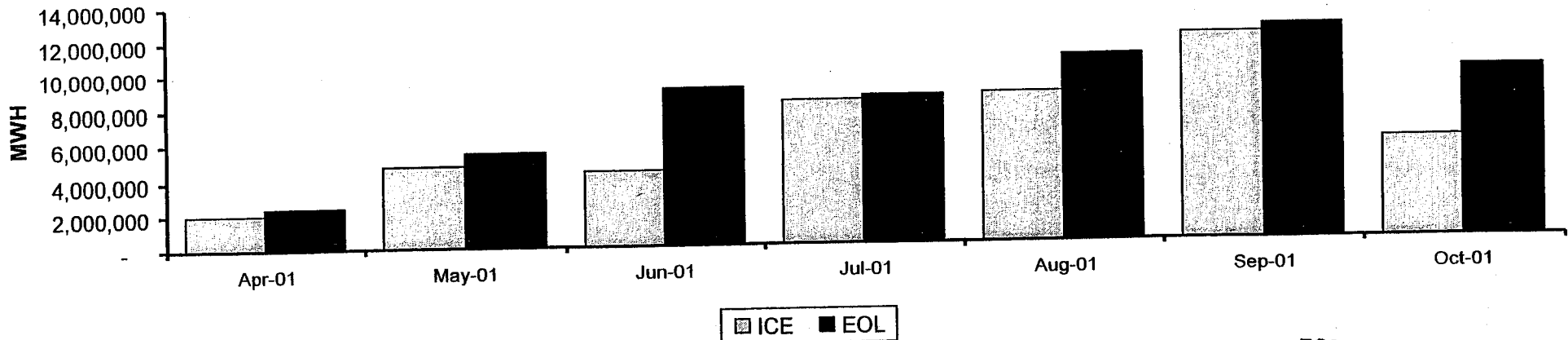
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EOL vs OTHER PLATFORMS - NA GAS Average Volume per Day

Nov. 1 - NYMEX full hrs



13 participants **EOL vs ICE - TOTAL POWER** Average Volume per Day



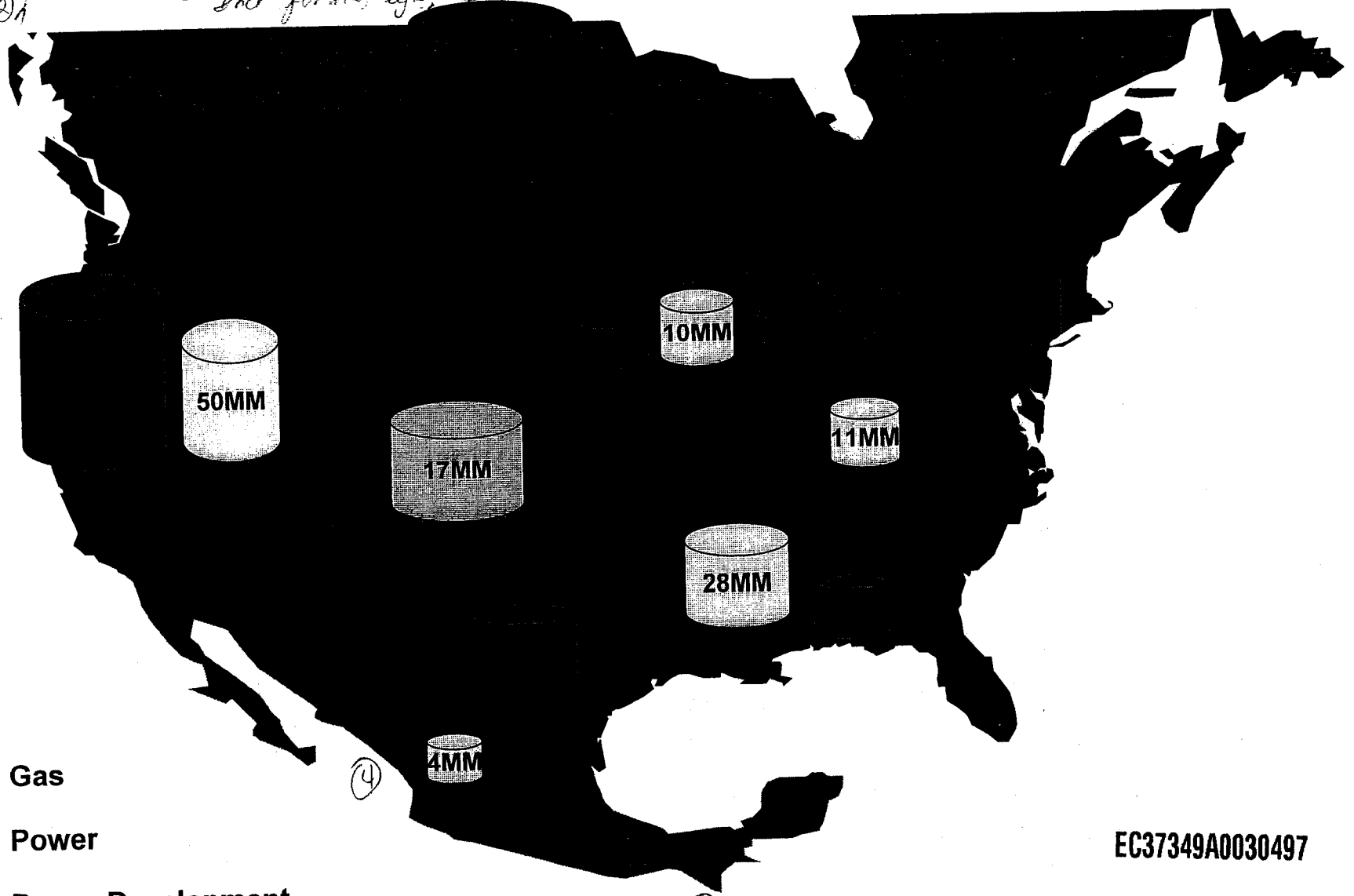
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① 1st Taken per. based on info
 and highly structured Out.
 mid mkt - Comm, not std due to location, term on load profile
 - And future, light, etc.

Louis

Origination

10/15



- ③ Gas
- Power
- Power Development

④

2001 YTD

② \$700mm (excluding sold peakers)

EC37349A0030497

Structured Natural Gas Transactions

③ **SunCor Service Agreement**
Petro Canada Services Agreement
now
lifted over

of operational
acq. services
agreement
Indonesia good
cust. service

Sierra Pacific

Long term assignment
of PGT capacity

① **Michigan Gas Utilities**

3 year Outsourcing
Transaction

EPMI provides power for
MGU's supply needs

MGU releases all upstream gas
supply assets to EPMI

Asset mgmt (like People's)
 • Ento Capture
 • Partial- Take
 • Structured

monetary offer.

④ **Financial Transactions in Mexico**

200 bcf Natural Gas (\$4mm Origination)

Financial Zinc, Fuel Oil

Growing *Dispute \$4 PMEX cap*

② **Kern Transport**

Syndication to 7 shippers of Kern
River from emergency open season

Enron \$25 MM
7 shippers \$1 MM each

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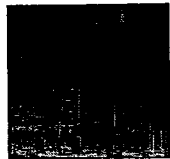
o being left

All use elements (see map)

Expanded
Sold to [unclear] to AEP
Sold to [unclear] to AEP

Structured Power Transactions

① "Green" CA PPA
② Sold to [unclear] to AEP
③ Sold to [unclear] to AEP

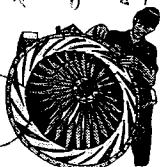


Alberta PPA
Purchase of output of 700MW plant for 20 years



Las Vegas Cogen II
QF expansion and sale

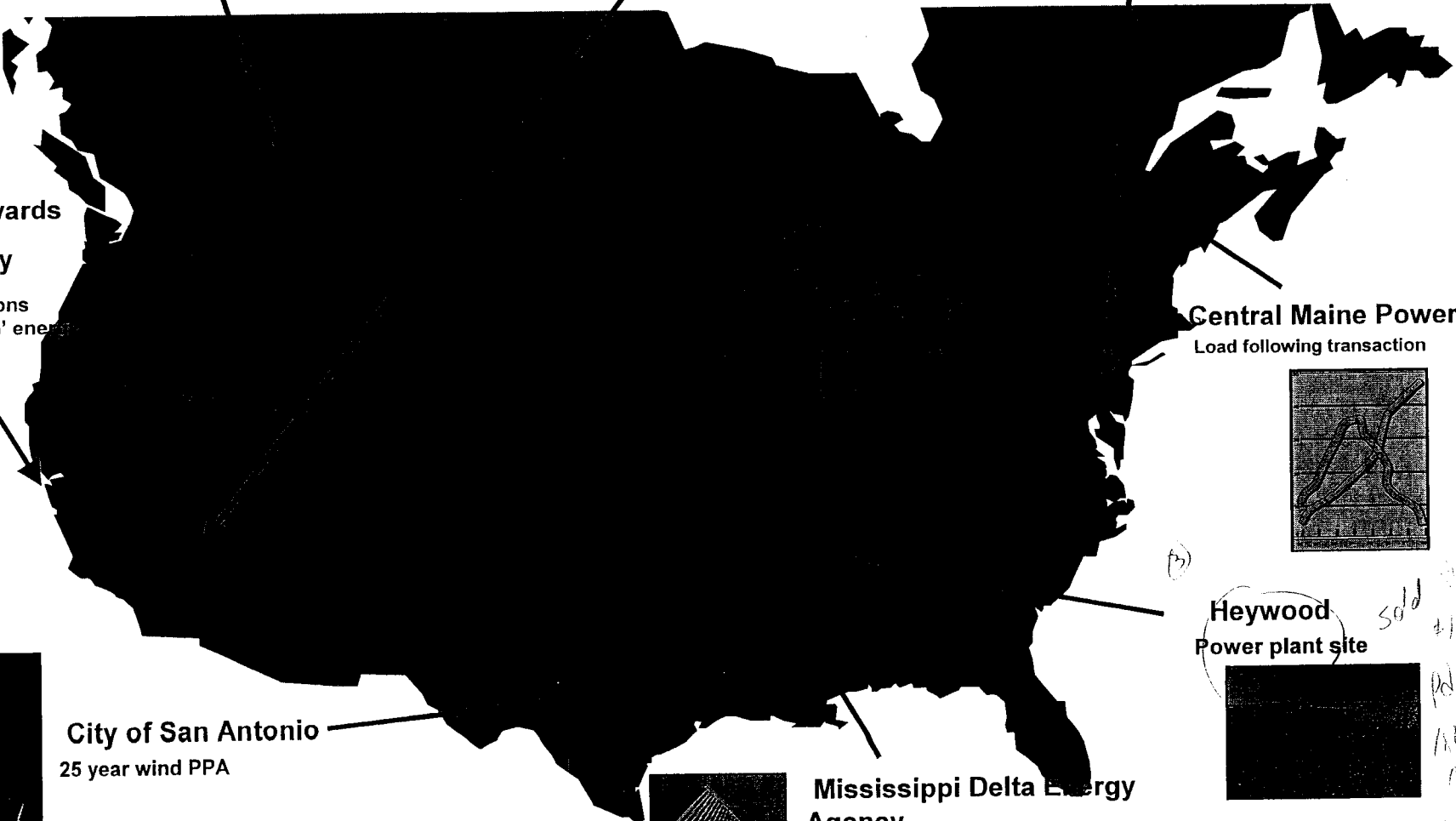
① "Green" CA PPA
② Sold to [unclear] to AEP
③ Sold to [unclear] to AEP



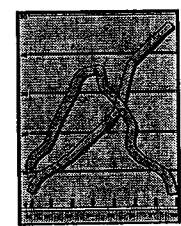
Turbine Book



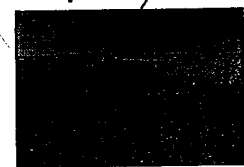
WAPA Edwards
WAPA Navy
5 year transactions including 'green' energy



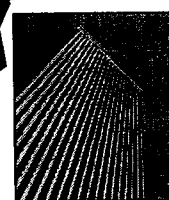
Central Maine Power
Load following transaction



Heywood
Power plant site



City of San Antonio
25 year wind PPA



Mississippi Delta Energy Agency
Asset Management Transaction for 85 MW of load and 90 MW generating capacity and outside supply contracts of 26 MW

2 yrs of [unclear] to [unclear]
[unclear] [unclear]

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Per - what up?
 o Will cost dial

Summary of 2001 Asset Sales

(\$ in millions, excludes items <\$10million)

o Not a leg but

o TN - minor plug power plant

o Lat of op Historical Assets

TN GA

FLA

Historical Assets

HPL

Development Projects

Peakers

Pastoria

Fountain Valley PSCO

SW Power /Las Vegas Cogen

Heywood Site

Turbines - 2 x 7 EAs

Power Assets

Alamac / NCPH

Saguoro

Forecast Q4 2001 disposals

Vitro Sale (close this wk)

Onondaga

Doyle

TOTALS

Book Basis	Sales Proceeds	Gain
\$ 364.2	\$ 352.5	\$ (11.7)
1,045.0	1,682.0	637.0
72.5	112.9	40.4
115.6	130.6	18.0
120.1	142.8	22.7
1.0	12.7	11.7
40.3	49.5	9.2
7.5	22.0	14.5
18.5	20.7	1.5
24.0	39.5	14.0
7.9	10.0	2.1
-	4.8	4.7
<u>\$ 1,817</u>	<u>\$ 2,580</u>	<u>\$ 764</u>

Rt. time to get in
and get out

EC37349A0030500

- (Prior to 2001, EES manages own risk)
 Basic premises missing or not working well
 No Septin to liquidate
 Billing problem but mostly supply involved
 • Massive effort co-ord by JL & head of ... and PC
 • well staffed

- By end of yr, will have full assessment of exposure
 - Fleet-to-actuals (levy) must match expected risk
 • Most compl. risk is on high margin
 • Very comfortable on delay at planned price
 • 10 proj. - clear up, [90-110 ^{price} bands & bills], running away from location, all, tariff wrong

John

- Sx10
 - shape
 - arranged } more part. of risk
 + d's in 100 samples

Retail Risk Management Discussion

Q & A

- Justin - Mkt. risk transferred
 - 90-110 band
 - Relied
 - Wholesale gets defined load shape
 - Costs & risks added; Orig. value to EES
 - Integrated picture

Wholly - Ex. / Very direct
 $\begin{matrix} < 850 \\ 48 \leq & \text{load} \end{matrix}$
 EES

Same power price call
 Exports
 Septin

Separate & price
 make & price

Discuss. of Roles
 EES
 • Orig. / sales
 • DSM
 1 + 1 = 3
 • More products
 • More info

EC37349A0030501

Ken - Any big surprises?
 JL - Seen as
 0.00 more most likely scenarios
 See notes

South America Merchant Discussion

- Initial : \$90 M cost budget 300 people
- Now : 20 " incl. allocated 100 people
costs
- Generally pursuing business & capital
 - Electric cost a critical phase
 - OPIC \$190 M committed for 270 total
 - Petroleum guarantee for 11-12?
 - 75% inside 7 \$50 para pin
 - New COO (1994 A/A)
 - Brazil high
 - + need 1 unit

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Enron Americas

EC37349A0030503



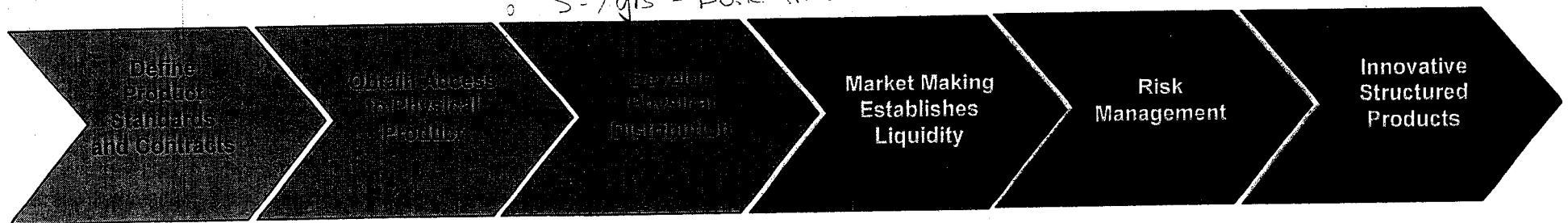
Enron Industrial Markets

EC37349A0030505

Industrial Markets

New Markets	Global Market Size	Key Market Attributes
Forest Products	\$ 330 Billion	<ul style="list-style-type: none"> • Certain base grade commodity products • Capital intensive industries that desire Risk Management products • Legacy distribution channels with no price transparency • Receptive to Enron's eCommerce model • Slow moving incumbents
Steel	\$ 250 Billion	
	<u>\$ 580 Billion</u>	

• Enron - catalyst to migrate mktg
 • 5-7 yrs - Build into bus similar to WNA

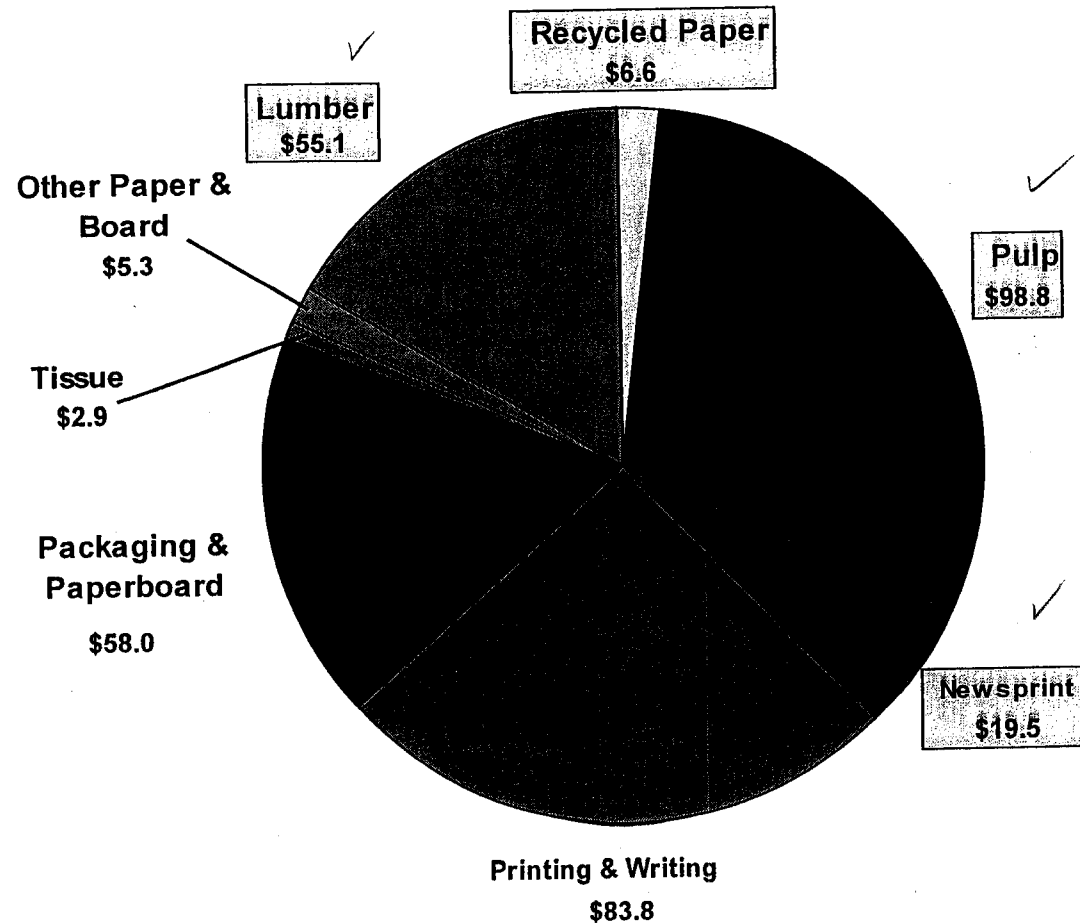


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Forest Products - Market Size

Global Revenue (Est.)

\$330 Billion



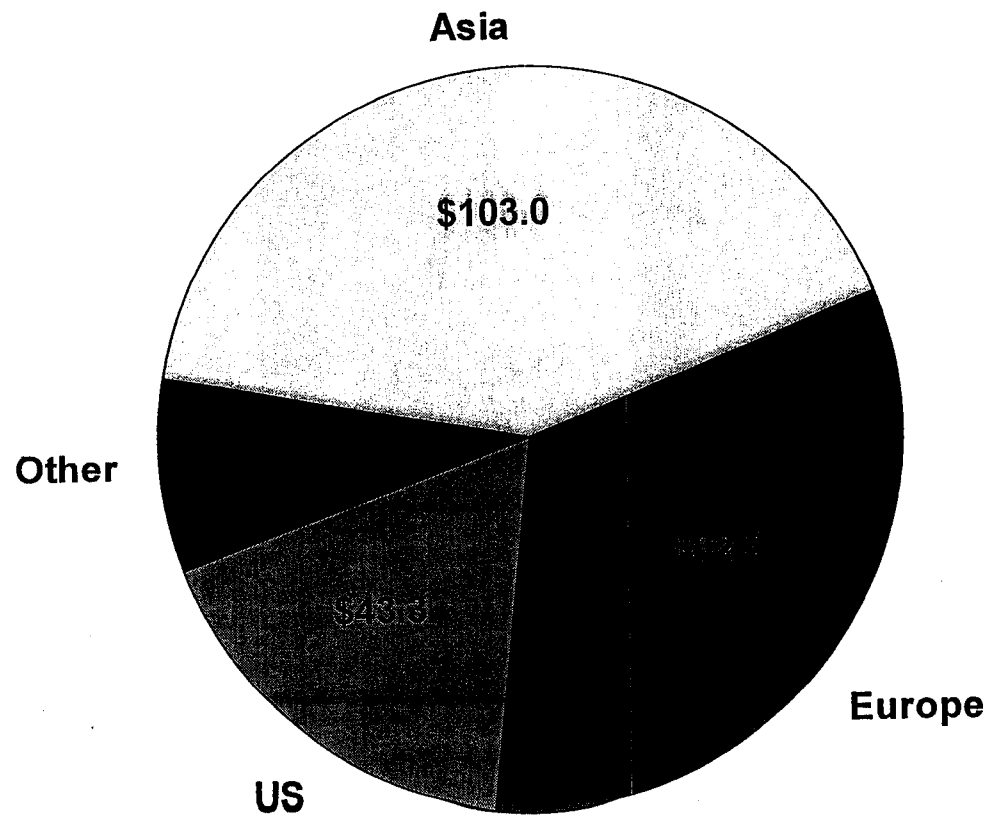
Source: Pulp & Paper N. American
Factbook; Int'l Fact & Price Book

EC37349A0030507

Steel - Market Size*

Global Revenue (Est.)

\$250 Billion



*Flat and Long Products Only

EC37349A0030508

Qualitative

Notable Achievements

over past year

- Excellent deal pipeline in both forest products and steel – industry acceptance

- Moved 2.7 million tons of physical product through 9/30/01 Over 3 MM tons by y/land

- Generated \$104 million of gross margin through 9/30/01 Profited from Deyl

- Fundamentally changed the way newsprint is bought and sold in the U.S. Mkt looks @ Enron's bid/off → to determine value of their deals/bids

- EOL/Clickpaper viewed as "The Market" for newsprint prices

? Green Chart/ade
o FP - 100/wk
o Steel < 20

- "Just-In-Time" steel delivery product now live in Chicago warehouse prod

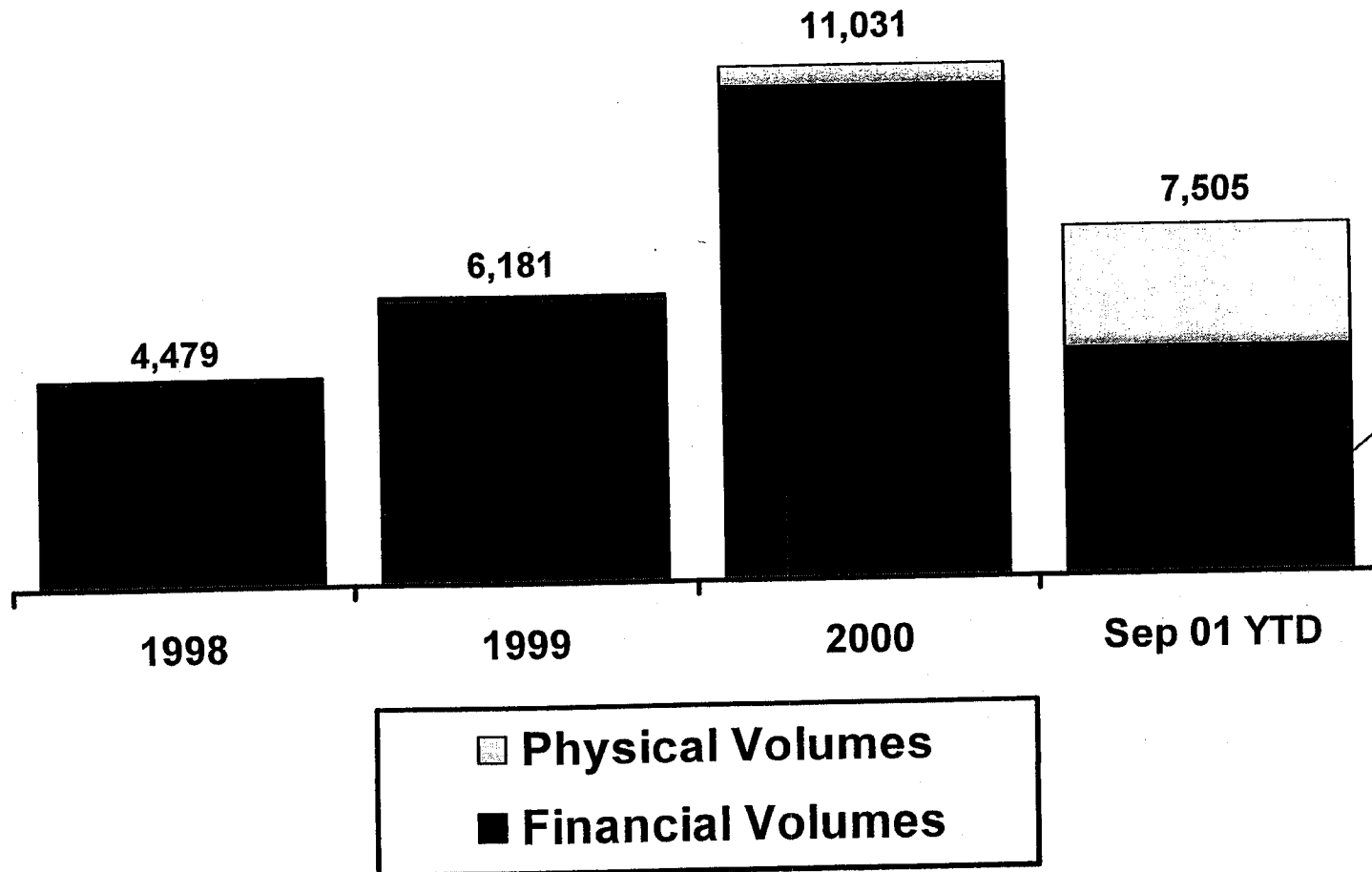
- "Enron Effect" cited by the ITC as a market catalyst

steel import restriction review

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Volume Information

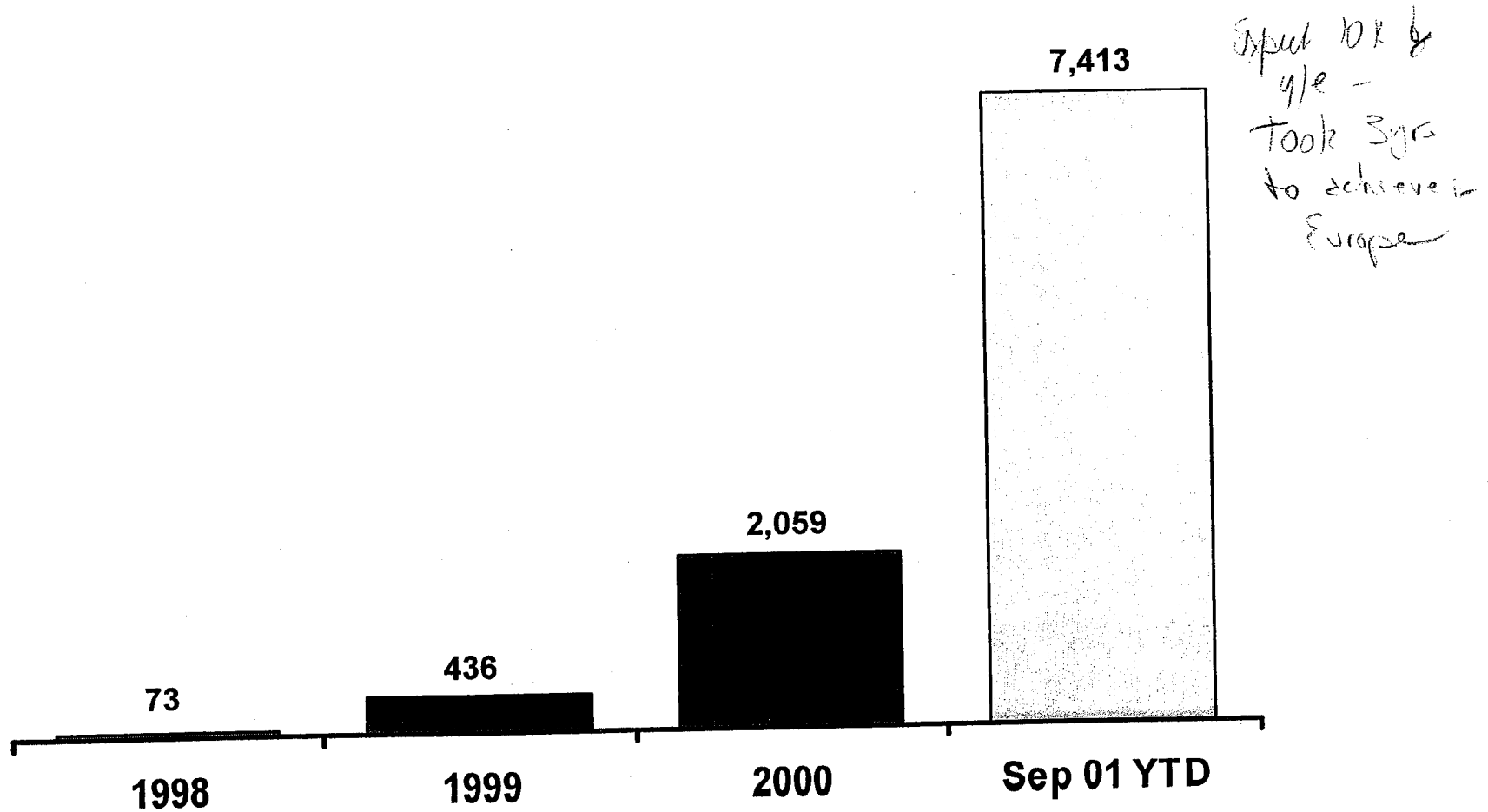
Thousand Metric Tons



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Transaction Activity

But indicate



EC37349A0030511

Financial Highlights

\$ Millions

	Year to Date (9/30)		Total Year	
	<u>2001</u>	<u>2000*</u>	<u>2001**</u>	<u>2000*</u>
Earnings Before Interest & Taxes	\$ 45	\$ 2	\$ 69	\$ (18)
Net Income	\$ 24	\$ 1	\$ 43	\$ (5)
Cash Flow from Operations	\$ (75)	N/A	\$ (41)	N/A
Capital Deployed				
On Balance Sheet	\$ 386	\$ 201	\$ 386	\$ 116
Total	\$ 761	\$ 201	\$ 761	\$ 116
Equity Deployed				
On Balance Sheet	\$ 317	\$ 95	\$ 317	\$ 95
Total	\$ 504	\$ 95	\$ 504	\$ 95
Return on Equity				
On Balance Sheet	18%	2%	21%	(19)%
Total	11%	2%	11%	(19)%

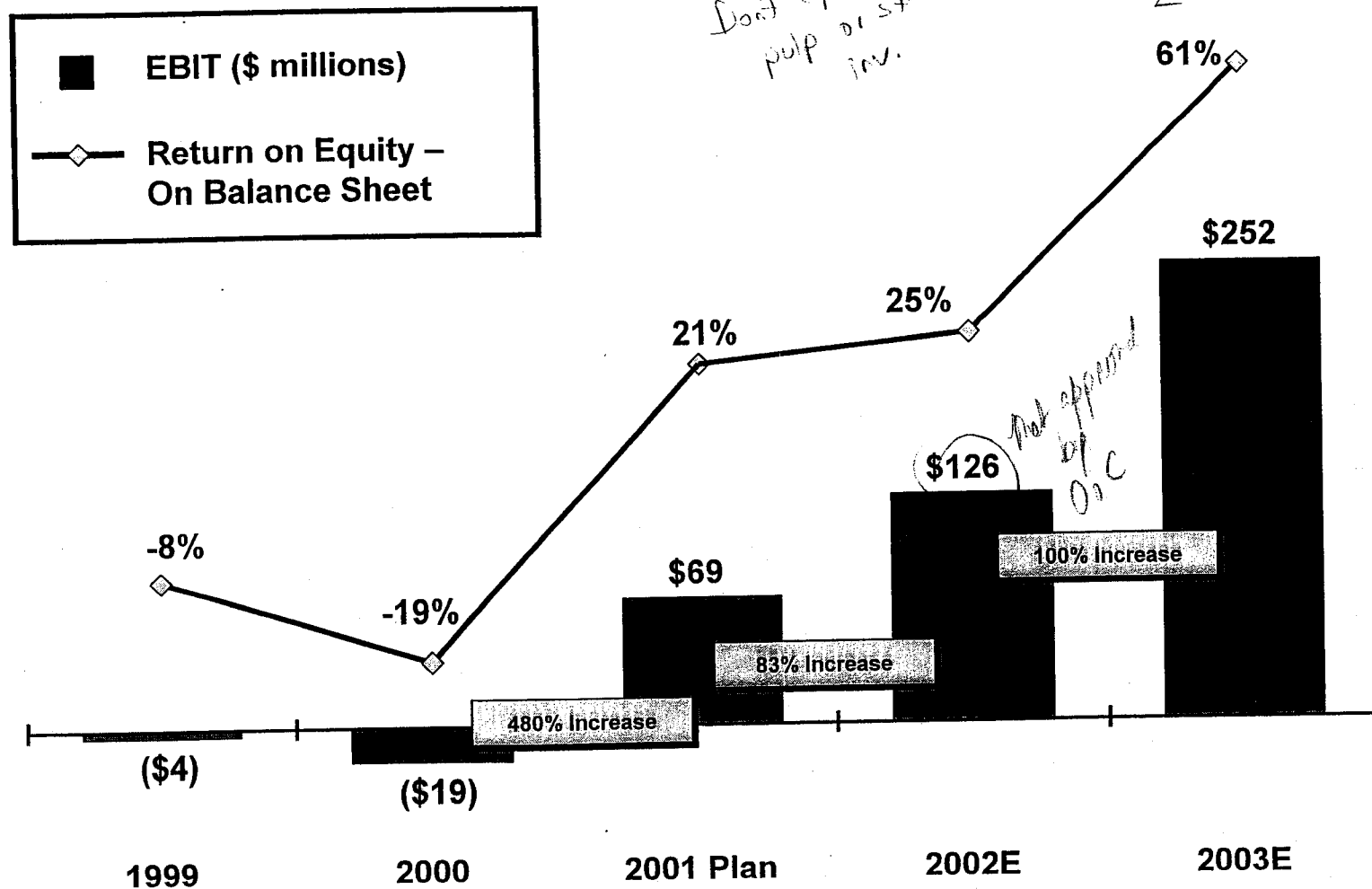
* EIM formed 1/1/2001, 2000 information based on restated ENA Downstream Industrial team results and excludes impact of Pulp and Paper Trading monetization in December 2000

** Estimated

EC37349A0030512

Full forward
1/1/01 BIS
Economic look
(1) 25% leverage "light".
Assets owned service debt,
Lower than ENA.
↑ mkt. share will ↓
used for capital & assets

Earnings Growth Opportunity



Question on capital out look
 1) Directed capital to So ↓
 • Outlier will discuss to
 buy mill &

expans:
 ↓ bms
 Don't expect more
 pulp or steel
 inv.

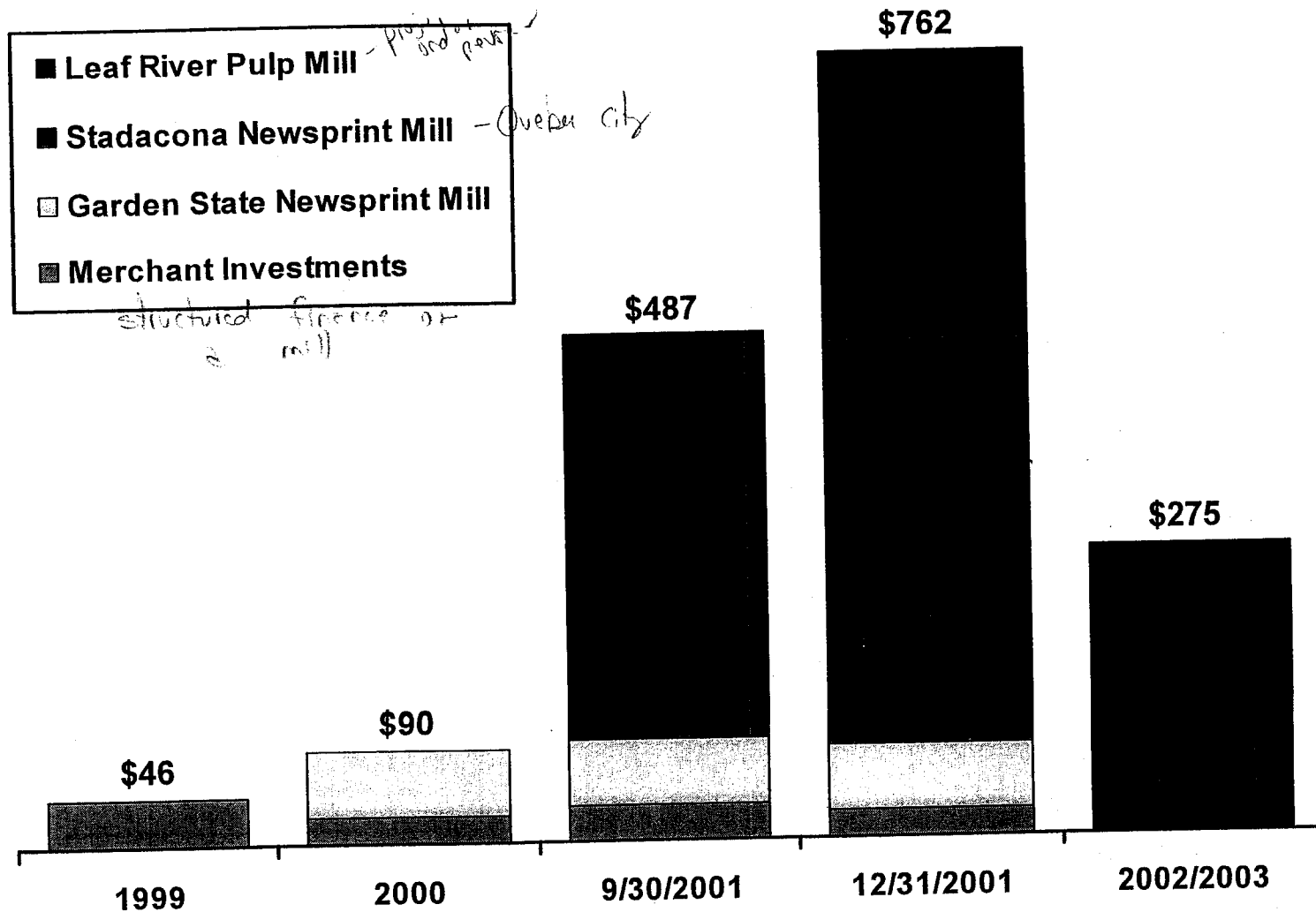
get L/H K
 e sale price > purchase
 [Durian left]

not expected
 of C

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Forest Products - Asset Investments

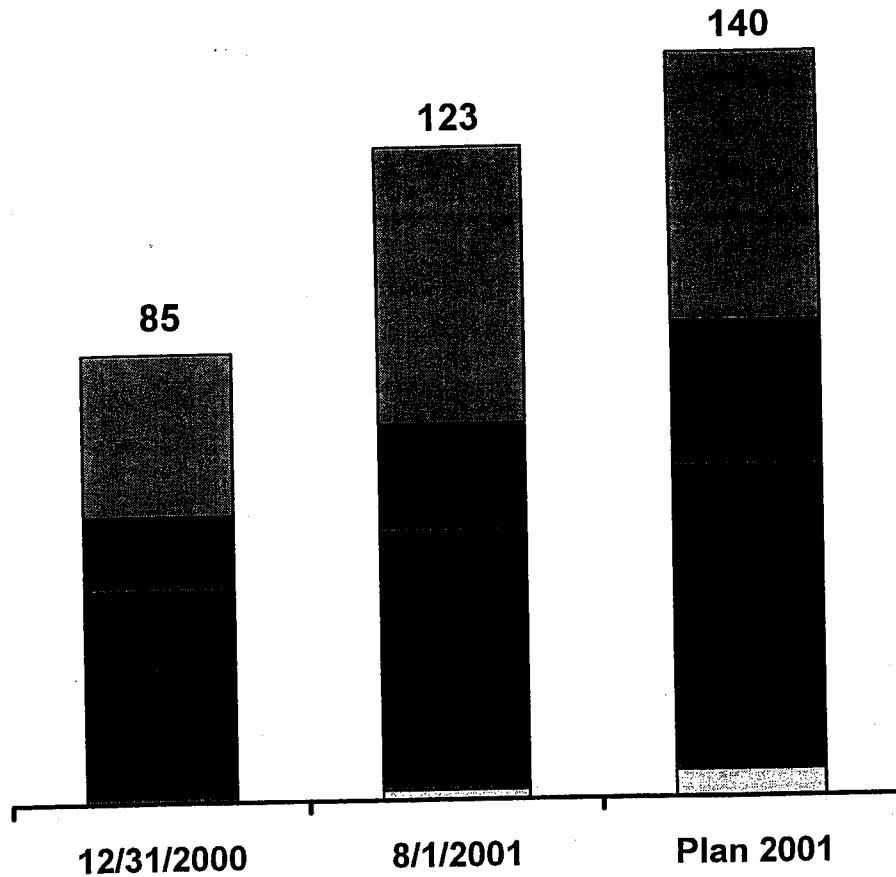
Including Off-Balance Sheet Capital and
Assuming Leaf River Acquisition
\$ Millions



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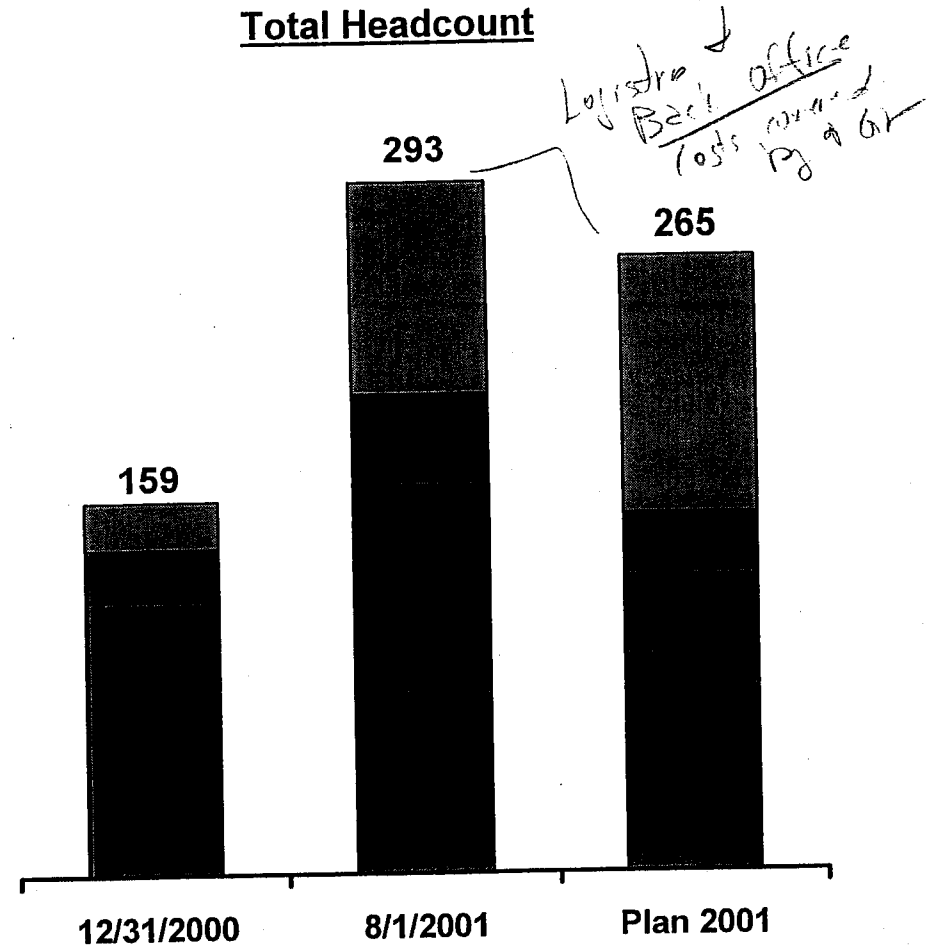
Headcount

Senior Commercial



■ Transaction Development & Other
 ■ Steel
 ■ Forest Products
 ■ Asset Operations

Total Headcount



■ Support Depts.
 ■ Analysts, Assoc. & Other
 ■ Senior Commercial

EC37349A0030515



[Dunbar Jr.]

Enron Industrial Markets

EC37349A0030516

missing 517

Project Southwood

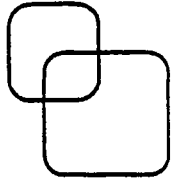
Georgia Pacific – Leaf River

Enron Industrial Markets

Presentation to
Enron Corp Finance Committee
For Recommendation to the Board
of Directors

October 8, 2001

EC37349A0030518



Project Southwood

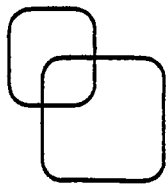
Why EIM Needs a Pulp Mill?

- ◆ **Market Pulp is a \$20B Global Market (\$90B including integrated pulp) with significant volatility**
- ◆ **Asset ownership increases credibility with industry players**
- ◆ **Physical supply enhances marketability of financial products**
- ◆ **EIM's ability to contract for tons has been limited to date due to lack of physical presence**
- ◆ **EIM's purchase of newsprint assets (Garden State Paper – 3rd Quarter 2000, Stadacona – 1st Quarter 2001) have had a positive effect on EIM's ability to transact business:**

	<u>Jan 01</u>	<u>June 01</u>
Trading Hubs	2	6
Total Notional Value of Trades	\$2 MM	\$70 MM
Counterparties	11	150

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Project Southwood

Georgia Pacific's Leaf River Pulp Mill

High Quality Asset

- ◆ State of the art facility; one of the largest single-line pulp mills in the world.
- ◆ Ranks 6th out of 50 North American softwood mills for lowest cash costs.
- ◆ Extremely well maintained with a history of proactive maintenance.
- ◆ Greenfield construction in 1984 - clean environmental record.
- ◆ 99% of energy produced on site with 87% of steam requirements generated from mill byproducts.
- ◆ High quality, properly incented, non-union workforce.

Structure Mitigates Risk

- ◆ Fixed price, full requirements fiber supply contract for 7 years with Georgia-Pacific. (Fiber represents 70% of variable costs and 40% of total costs.) Eliminates fiber cost volatility
- ◆ Mutually agreed upon capex budget with a 3-year risk sharing provision with Georgia-Pacific. 50% over budget pd by GP
- ◆ EIM pulp desk pays the mill a fixed price for 50% of the physical output; floating price (based on RISI index) for the other 50%.

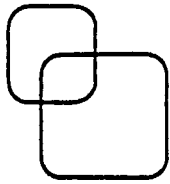
Separate Financial Pulp Swap Transaction

- ◆ EIM pulp desk enters into a financial pulp swap with Georgia-Pacific for 277,250 MT/yr (roughly equivalent to 50% of the mill's annual production). GP pays fixed; EIM pays floating.

7 yr. fin. swap
substantially > vol.

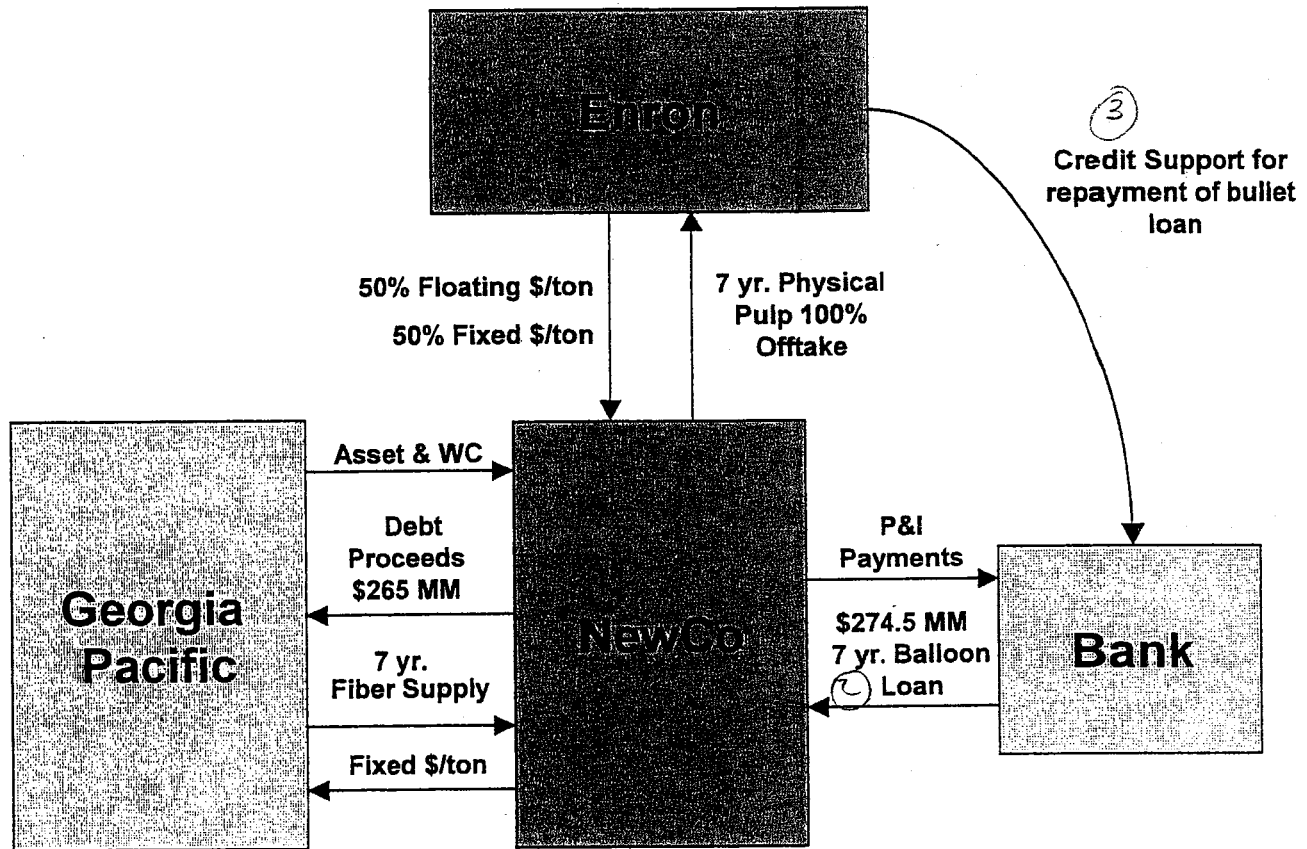
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Project Southwood

Mill Purchase



	<u>\$ Millions</u>	
Cash Distribution to GP	(\$265.0)	✓
Transaction Costs	(\$ 9.5)	✓
Total Initial Capital Injection	(\$274.5) ⁽¹⁾	✓
NPV @ 12.5% of Project Cashflows	\$ 145.5 ⁽²⁾	7 yrs.
NPV @ 12.5% of Net Terminal Value	\$ 113.2 ⁽²⁾	7 yrs. out
NPV of Mill Purchase	(\$15.8)	stand alone

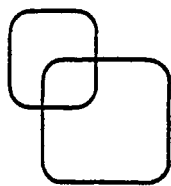
11.2% rate of return

(1) A \$30 MM liquidity line will be used to offset any periodic operational cash shortfalls.

(2) 12.5% = the RAC Pre-tax Hurdle Rate

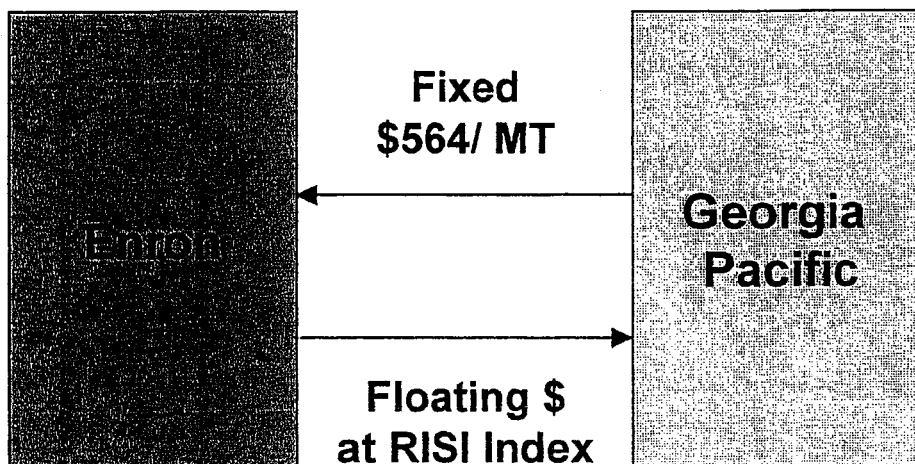
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Project Southwood

Financial Pulp Swap



- ◆ Term: 7 years
- ◆ Notional Volume: 277,250 MT/Yr.

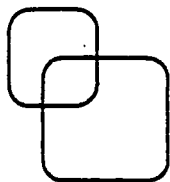
NPV @ 8.38% of Financial Swap	\$75.8 MM ⁽¹⁾
-------------------------------	--------------------------

14.5% return
on total
trans -

⁽¹⁾ 8.38% = LIBOR + GP Credit Risk of 3.6%

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Project Southwood

Summary Financial Results

Stake • GP weak credit - [BBB - not]

②

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>EBIT</u>								
Mill	\$1,976	\$23,707	\$23,918	\$23,231	\$22,403	\$21,101	\$20,307	\$20,841
Swap	<u>\$75,755</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$77,731	\$23,707	\$23,918	\$23,231	\$22,403	\$21,101	\$20,307	\$20,841

②

Net Income

Mill	\$57	\$3,142	\$3,276	\$2,841	\$2,317	\$1,494	\$991	\$1,329
Swap	<u>\$49,241</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total	\$49,298	\$3,142	\$3,276	\$2,841	\$2,317	\$1,494	\$991	\$1,329

①

Free Cashflow

(after int exp & amortize loan)

Mill	\$1,376	\$2,995	\$4,397	\$3,333	\$4,450	\$3,955	\$3,039	\$3,496
Swap	<u>\$0</u>	<u>\$14,252</u>	<u>\$8,877</u>	<u>\$8,631</u>	<u>\$8,383</u>	<u>\$8,135</u>	<u>\$7,887</u>	<u>\$7,638</u>
Total	\$1,376	\$17,247	\$13,274	\$11,964	\$12,833	\$12,090	\$10,926	\$11,134

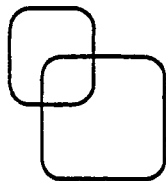
CF = 0.018%

Swap - 100% hedged
Firm - 50% hedged

Better - Stock in gains on swap
JM - Fully hedged mill on FP position
• Firm position - 100% hedged w/ GP
• 50% open on pulp output

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Project Southwood

Effect on Enron Corp. Ratios

*According to Enron's presentation
Credit neutral due to relatively small size.*

2001 Enron Corp Ratios

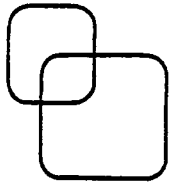
	Enron Corp 2001 Base Case	Enron Ratios Including Leaf River Transaction		
		Off B/S 100% Debt	Enron B/S 100% Debt	Enron B/S 60% Debt / 40% Equity
Earnings Per Share	\$1.80	\$1.86	\$1.86	\$1.85
Funds Flow Interest Coverage	4.02	4.02	4.02	4.02
Pre-tax Interest Coverage	3.31	3.39	3.39	3.39
B/S Debt to B/S Capital	43.4%	43.3%	43.9%	43.5%

2002 Enron Corp Ratios

	Enron Corp 2002 Base Case	Enron Ratios Including Leaf River Transaction		
		Off B/S 100% Debt	Enron B/S 100% Debt	Enron B/S 60% Debt / 40% Equity
Earnings Per Share	\$2.15	\$2.15	\$2.15	\$2.15
Funds Flow Interest Coverage	4.02	4.04	3.99	4.02
Pre-tax Interest Coverage	3.66	3.68	3.62	3.65
B/S Debt to B/S Capital	43.4%	43.4%	44.0%	43.5%

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Project Southwood

Valuation Context

① Limited downside

Pulp Prices

- ② ♦ RISI 10-year Historical Average is \$546/MT *'92-'93 best prices*
- ③ ♦ RISI 7-year Average Forecast is \$556/MT
- ④ ♦ EIM Valuation uses \$516/MT over the 7-year term

• At each B/C level @ today's price - natural floor
• No correlation b/w fiber & pulp prices

Acquisition Price *• TOP on 50%*

- ♦ Mill was built in 1984 for \$560 MM
- ♦ Mill replacement cost today is approximately \$1.0 Billion
- ♦ GP asking price was \$350 MM
- ♦ EIM is paying \$274 MM

Terminal Value

- ♦ Current Transaction Multiples are 3.3X Peak EBITDA
- ♦ Enron Purchases Leaf River Mill at 2.13X Peak EBITDA
- ♦ Terminal Value assumes 2.00X Peak EBITDA *Pg questioning mkt. price for debt.*

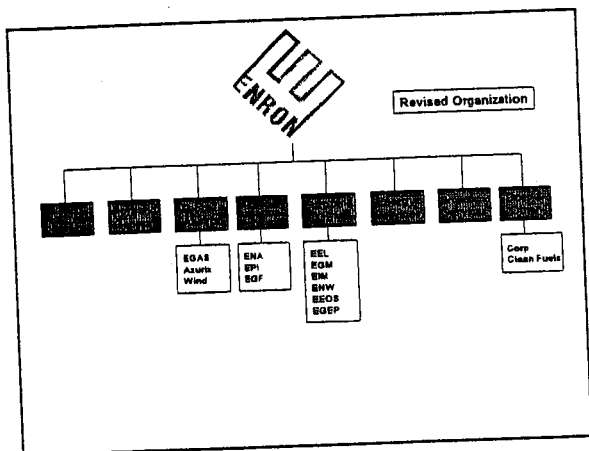
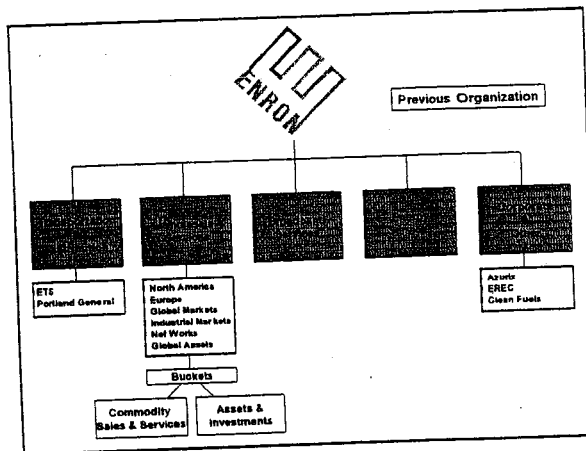
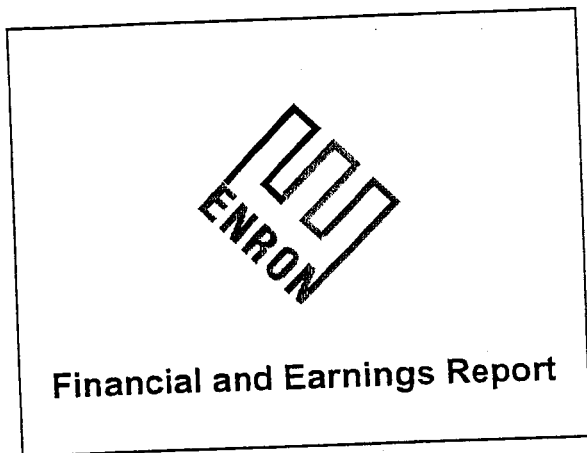
Pg *yes*
• If swap inc. not booked until pd. and A @ Bury Joe -
Still do deal?

• Understood theory of needing physicals,
Believes Enron can be effective in mkt.
↑ total capital by 50% in uncertain mkt.
How does business need match w/ credit constraints?

Pg thinks we should deal w/ inc. who do business
<over>

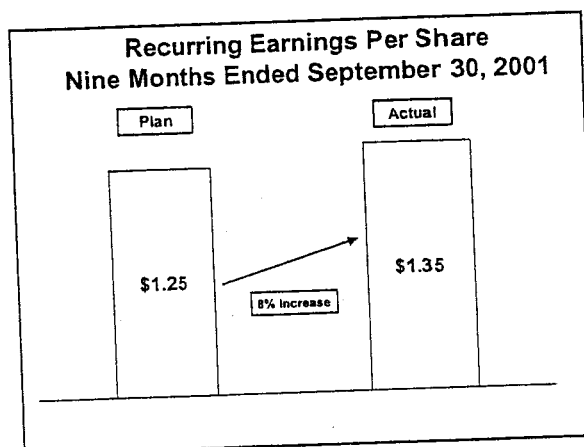
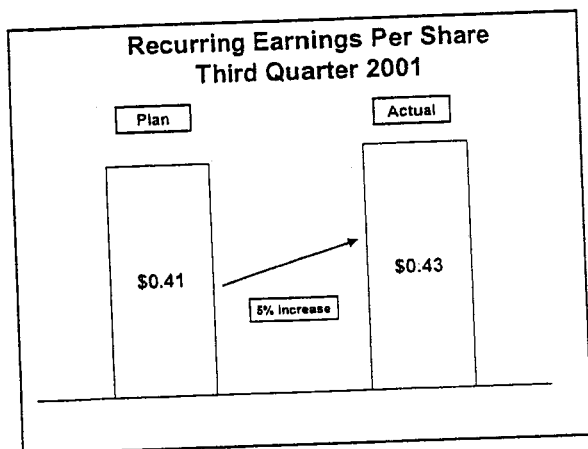
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Additional Disclosures Earnings Release

- Previously disclosed for Wholesale and Retail segments:
 - Revenues
 - Income Before Interest & Taxes (IBIT)
- New disclosures for every segment:
 - Revenues
 - Cost of Sales
 - Operating Expenses
 - Depreciation and Amortization
 - Equity in Earnings
 - Other, net
 - Income Before Interest & Taxes (IBIT)



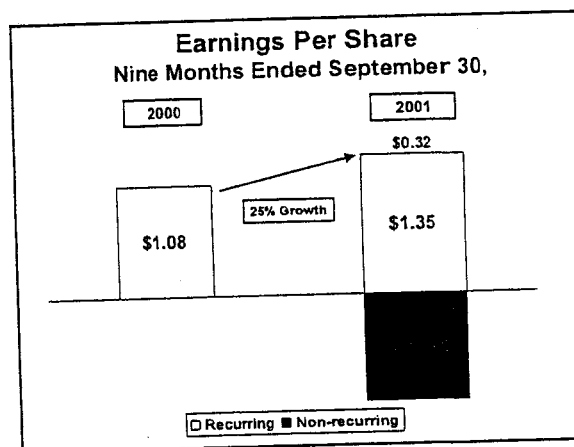
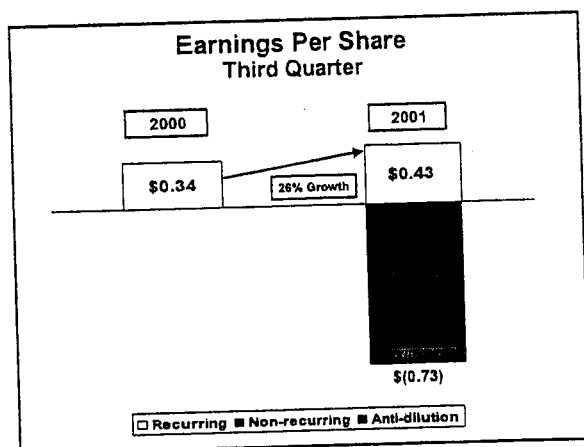
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**Third Quarter
Estimated Recurring Net Income by Segment**
(\$ in millions)

	Third Quarter		Nine Months	
	Plan	Actual	Plan	Actual
Enron Transportation Services	\$ 33	\$ 34	\$	\$ 130
Portland General	-	(2)		58
Global Assets	7	(9)		(85)
Americas	168	338		1,543
Retail Risk Management	(6)	120		(365)
Europe and Other Energy Mkts	133	16		118
Energy Services	38	40		90
Broadband Services	(24)	(51)		(142)
Corporate & Other	12	(90)		(141)
Recurring Net Income	\$ 361	\$ 396	\$ 1,111	\$ 1,206

**Non-Recurring Earnings
Third Quarter 2001**
(\$ in millions)

	Pre-tax	After-tax	E.P.S.
Recurring Earnings	\$ 521	\$ 396	\$ 0.43
Non-Recurring Items:			
Azurix Asset Sales	(310)	(310)	(0.34)
Broadband	(69)	(45)	(0.05)
Severance	(52)	(34)	(0.04)
Inventory	(160)	(104)	(0.11)
Consent Valuation	(71)	(462)	(0.51)
Loss on Investing Activities	(1,302)	(955)	(1.05)
Total Non-Recurring Items			(0.11)
Anti-dilution			
Total Earnings	(\$781)	(\$559)	(\$0.73)



Third Quarter - Recurring Earnings by Segment
(\$ in millions)

	Third Quarter		Nine Months	
	2001	2000	2001	2000
Enron Transportation Services	\$ 83	\$ 83	\$ 283	\$ 288
Portland General	(3)	74	122	241
Global Assets	16	26	34	140
Americas	553	533	2,465	1,090
Retail Risk Management	199	-	(528)	-
Europe and Other Energy Mkts	39	50	257	233
Energy Services	71	27	171	79
Broadband Services	(80)	(20)	(217)	(28)
Corporate & Other	(102)	(106)	(233)	(143)
Interest, MI, & Income Tax	(380)	(375)	(1,158)	(981)
Recurring Net Income	\$ 396	\$ 292	\$ 1,206	\$ 919

**New Accounting Standard for Goodwill
Summary of Consolidated Goodwill**
(including equity method investments)
(\$ in millions)

Reporting Units	June 30, 2001 Goodwill	Amounts Transferred	Proposed Write Off
Global Services			
Portland General	\$1,408	\$(884)	
Global Assets & Services			
Elektro	883	(583)	
Enron Global Power & Pipelines LLC	165	(165)	
TGS	248		
Ecoelectricia	166		
SK Enron	117		
Other	386		(89)
Wholesale	96		
Industrial Markets - Pulp, Paper, & Steel	372		
Enron Europe (MG Metals)	364		
Other	45	1,667	
Enron Energy Services	627		
Enron Broadband Services	55		(55)
Enron Wind	187		
Azurix-Weasex	697		
Azurix-Other	213		(213)
Total	\$5,727	\$	\$(357)

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Total Capital (\$ in millions)

	Dec 2000	Estimated Sept 2001	Estimated Dec 2001	Proforma Adjustments Goodwill	Sale of PGE
Balance Sheet Debt	\$ 10,229	\$ 13,106	\$ 11,440	\$11,440	\$8,645
Minority Interest	2,414	2,395	2,395	2,395	2,395
Preferred Stock of Subs	904	903	903	903	873
Shareholders Equity	11,470	9,554	9,836	8,936	8,936
Total Capital	\$ 25,017	\$ 25,958	\$ 24,573	\$23,673	\$20,849
Debt / Total Capital	40.9%	50.5%	46.6%	48.3%	41.5%

Balance Sheet Debt (\$ in millions)

	Sept YTD 2001	Full Year Estimate	Revised Plan
Opening Debt Balance	\$ (10,229)	\$ (10,229)	\$ (10,229)
Funds Flow from Operations	1,765	2,900	2,925
Change in Working Capital *	(826)	(97)	(50)
Changes in Deposit / Margin Activity	(2,527)	(2,562)	-
Proceeds from Sales of Assets	1,647	2,274	1,935
Capital Expenditures	(1,614)	(1,888)	(1,310)
Equity Investments	(1,465)	(1,841)	(2,228)
Dividends	(399)	(538)	(540)
(Increase)/Decrease in Cash on Hand	1,023	1,023	-
Other	(481)	(482)	(1,532)
Period Activity	(2,877)	(1,211)	(796)
Period Ending Debt Balance	\$ (13,106)	\$ (11,440)	\$ (11,025)
Funds Flow / Interest	1.40	3.50	4.02

* Excluding Deposit/Margin Activity

Balance Sheet Debt (\$ in millions)

	2001 June YTD	3rd Qtr Activity	Estimated Sept YTD	2000 Sept YTD
Opening Debt Balance	\$ (10,229)		\$ (10,229)	\$ (8,152)
Funds Flow from Operations	1,804	(39)	1,765	288
Change in Working Capital *	(800)	(26)	(826)	(729)
Changes in Deposit / Margin Activity	(2,342)	(185)	(2,527)	541
Proceeds from Sales of Assets	1,423	224	1,647	222
Capital Expenditures	(1,200)	(414)	(1,614)	(1,549)
Equity Investments	(1,383)	(82)	(1,465)	(2,275)
Dividends	(256)	(143)	(399)	(396)
(Increase)/Decrease in Cash on Hand	528	495	1,023	(408)
Other	(357)	(124)	(481)	(1,322)
Period Activity	(2,583)	(294)	(2,877)	(5,629)
Period Ending Debt Balance	\$ (12,812)		\$ (13,106)	\$ (13,781)
Funds Flow / Interest	4.76		3.50	1.40

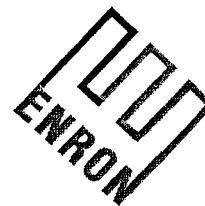
* Excluding Deposit/Margin Activity

Funds Flow from Operations (\$ in millions)

	Estimated 3rd Qtr Activity	Sept YTD
Recurring Net Income	\$ 396	\$ 1,206
Deferred Taxes	118	306
Depreciation & Amortization	143	596
Net Change in PRM Asset	(681)	103
Net Change in Merchant Assets	15	275
Net (Gain)/Loss on Sale of Assets	31	(19)
Equity Earning, net of distributions	14	(110)
Minority Interest	(4)	66
Dividends on Preferred Stock of Subs	(12)	24
Other	(59)	(682)
Funds Flow	\$ (39)	\$ 1,765

Capital Deployed by Segment June 2001 (\$ in millions)

	ETS	PGE	ROAS	Ameren	Europe / Fitch	ENR	Retail	Corp & Fitch	Total
Total Assets	3,835	4,891	6,541	26,741	16,828	1,453	1,353	2,377	63,392
Liabilities (Excl Debt)	790	1,706	1,120	17,922	12,385	692	309	3,905	37,936
Allocated Debt	1,729	1,929	566	5,515	844	15	418	1,796	12,812
Equity	1,916	1,256	4,855	3,277	3,289	746	626	(3,324)	11,740
Debt/Equity	63/37	60/40	10/90	63/37	20/80	0/100	40/60		52/48



Financial and Earnings Report

How this tie to P.D. presentation?

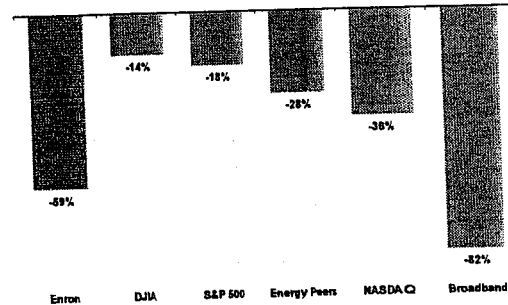
Add NI & ROE slide

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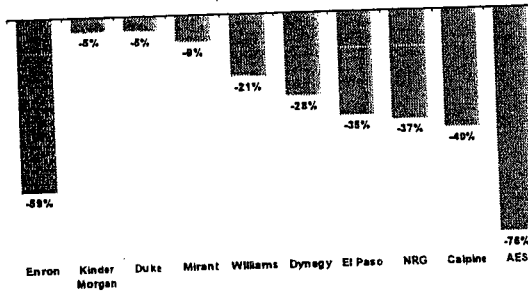


Investor Relations Report

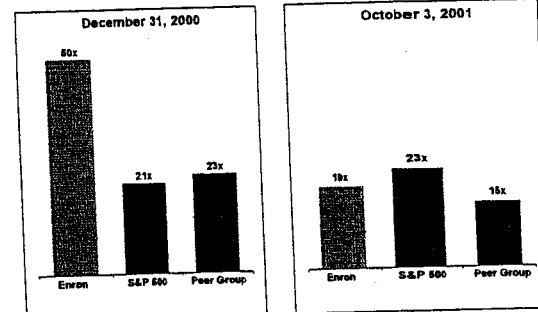
2001 YTD Total Return to Shareholder (Through 10/3/01)



Merchant Energy Peers 2001 YTD Total Return (Through 10/3/01)



Relative Valuation (P/E Ratio*)



Largest Shareholders*

Name	Shares Held	Location	Change From 8/1/01
Janus Capital Corporation	44,000,000	Denver	2,800,000
Alliance Capital Management	35,800,000	New York/Minneapolis	13,800,000
Putnam Investment Management	34,800,000	Boston	(4,000,000)
Smith Barney Asset Management	19,000,000	New York	1,400,000
Northern Trust Global Investments	9,200,000	Chicago	-
Fidelity Management & Research	8,500,000	Boston	(4,500,000)
Government of Singapore Investment Corp	8,400,000	Singapore	(2,100,000)
AIM Management Group	8,000,000	Houston	(4,800,000)
Goldman Sachs Asset Management	7,700,000	New York	850,000
Rorer Asset Management	7,100,000	Philadelphia	-
RHJ Financial Services	6,300,000	Philadelphia	1,900,000
Morgan Stanley Advisors	6,300,000	New York	700,000
Dresdner RCM Global Investors	6,200,000	San Francisco	-
American Express Financial Advisors	6,227,000	Minneapolis	277,000
MF& Investment Management	6,100,000	Boston	300,000
Deutsche Asset Mgmt. Group Ltd.	5,300,000	London	-
Credit Suisse First Boston Asset Management	4,800,000	New York	-
Oppenheimer Funds	4,700,000	New York	240,000
Banc of America Capital Management	4,507,186	St. Louis/New York	-

*Including Index Funds

Largest Potential Shareholders

Name	Location	Total Equity Assets (Millions)	Primary Investment Style
Capital Research & Management	Los Angeles	\$224,000	Value
Wellington Management	Boston	157,000	Value
Oppenheimer Capital	New York	24,000	Value
J.P. Morgan Investment Management	New York	108,000	Growth
Fayez Sarofim	Houston	43,000	Growth
State Farm Insurance	Chicago	45,000	Growth
T. Rowe Price	Baltimore	85,000	Growth
Davis Funds	New York	40,000	Growth
Barrow Hanley	Dallas	30,000	Value

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Analyst Recommendations

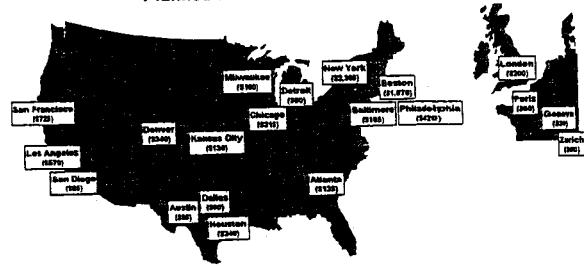
A.G. Edwards
Bank of America Montgomery Securities
Bear Stearns
Bernstein
CIBC Oppenheimer
Commerzbank Securities
C.S. First Boston
Dain Rauscher Wessels
Edward Jones
First Albany
Goldman Sachs
Howard Weil
J.P. Morgan
Lahman Brothers
Merrill Lynch
Prudential Securities
Salomon Smith Barney
Sanders Morris
Simmons & Co.
U.S.S. Warburg

Mike Helm
 Will Maze
 Robert Winters
 Duane Grubert
 Bill Myler
 Andre Meade
 Curt Laumer
 Mark Easterbrook
 Zach Wagner
 Bob Christensen
 David Fleischer
 Rebecca Fokewill
 Anatol Feygin
 Richard Gross
 Donato Essey
 Carol Coale
 Ray Niles
 John Olson
 Jeff Dietari
 Ron Barrone

Buy
Strong Buy
Attractive
Buy
Buy
Accumulate
Strong Buy
Strong Buy
Buy
Strong Buy
Buy
Buy
Buy
Buy
Strong Buy
Buy
Buy
Buy
Strong Buy
Attractive
Strong Buy

Investor Relations

Planned Fourth Quarter Meetings*



Meetings Will Cover All Major Existing Shareholders, Largest Potential Holders, and All Sell-Side Analysts

*Amounts indicate Total U.S. Equities Under Management (in Billions)

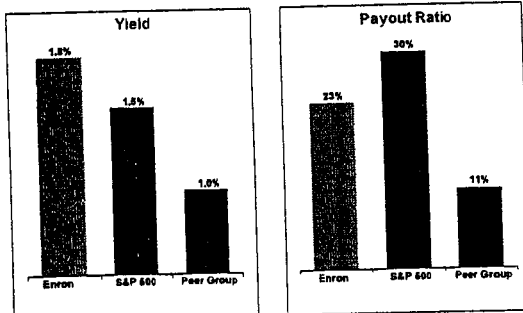
Current Investor Concerns

- Cash Flow From Operations
- Earnings Composition and Disclosure
- Balance Sheet Strength and Liquidity
- Progress on Asset Sales
- Effects of Lower Natural Gas and Power Prices, and Lower Volatility
- Financing Vehicles and Potential Equity Issuance Requirements
- California
- India

Enron Common Stock Dividend

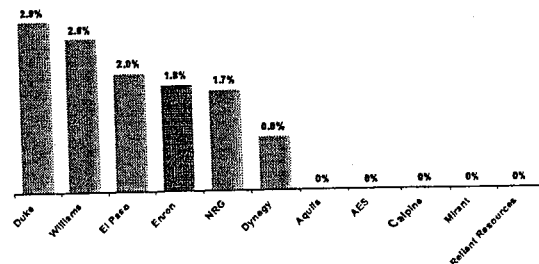
- **Currently \$0.50 Per Common Share**
- **Dividend on Convertible Preferred Tied to Common Share Dividend**
- **Total Annual Cash Payment (Including Convertible Preferred) is Approximately \$400 Million**
- **No Increase Since October 1998**
- **Current Yield is 1.8% - Current Payout is 23%**

Common Stock Dividend



Common Stock Dividend Yields

Energy Peer Group





Investor Relations Report

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Enron Americas

Agenda

- Business Principles
- Financial Results
- Gas & Power Fundamentals
- North America Business Discussion
- Retail Risk Management Discussion
- South America Merchant Discussion

*Add Fin
Night*

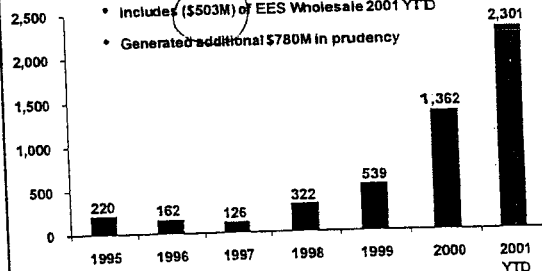
Business Principles

(Enron Americas Merchant Natural Gas and Power Business)

- Goals are to expand and enhance our capabilities in:-
 - Recruiting and retaining the best talent
 - Expansion of Liquidity
 - Products and Locations
 - Lead Market Maker
 - Information capture
 - Customer coverage
 - Deal flow
 - Outsourcing deals (key locations)
 - Research (weather etc)
- To enable, based on the information and skill advantage:-
 - Position taking
 - Highly structured transactions

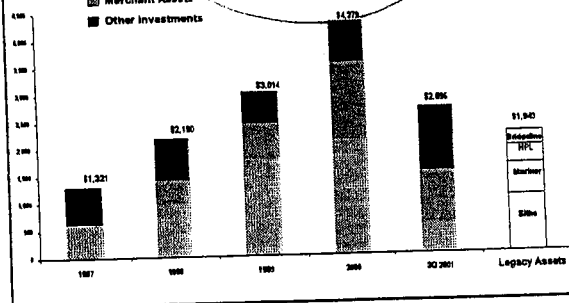
Enron North America EBIT

- EGM and EIM transferred out 3Q 2000
- Includes (\$503M) of EES Wholesale 2001 YTD
- Generated additional \$780M in prudence



Enron North America Assets (excludes Retail Risk Management)

- Property, Plant & Equipment
- Merchant Assets
- Other Investments



Key Fundamental Events Gas Market

- Gas rig count peaked at 1058 in July '01
 - Domestic production of gas increased by 2 Bcf/Day
- 2.5 Bcf/Day of industrial gas demand was lost from March 2000 to January 2001
- Injected 2130 Bcf this season; 4.9 Bcf/Day more than last year

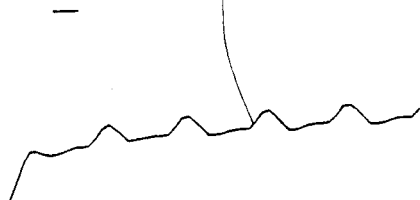
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*and to
transfer to
Capital Display*

*Add sheet
#3 Bil + Products*

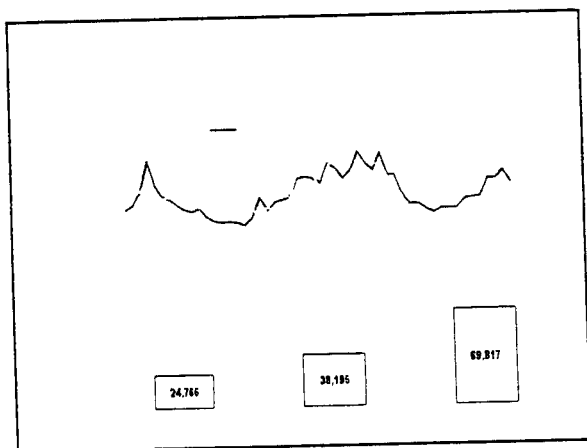
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NG Forward Curve Comparison



Key Fundamental Events East Power

- Supply Factors
 - Over 60,000 MW of gas-fired generation came on in the last 21 months
 - Nuclear generation up by 5.8% over 2000 – 4,364 MW
- Demand Factors
 - Lower than expected load growth – 1-2% actual vs. 4-5% forecast
 - Slowing economy/ Industrial recession
- Stabilizing prices

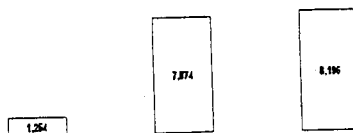


U.S. Power Price Volatility - East



Key Fundamental Events West Power

- Supply factors
 - Added 9,000 MW of gas-fired generation over the last 21 months
 - Nuclear utilization up 2,300 MW vs. 2000
 - Hydro down 8,500 MW vs. 2000
 - Net + 3,000 MW more supply
- Demand
 - Lost 2,300 MW due to residential/commercial conservation
 - Lost 1,500 MW from load shedding in Pacific Northwest
 - Lost 1,000-3,000 MW due to slowing economy
 - Added 1,000 MW due to hotter summer than 2000
 - Net 5,000 MW less demand

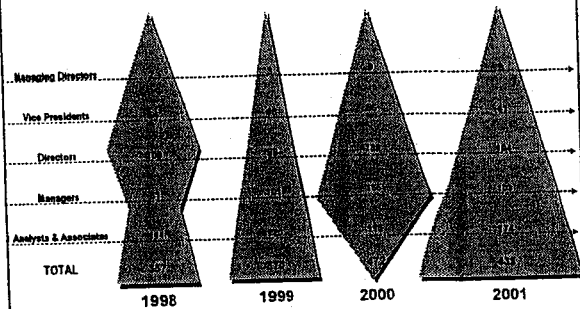


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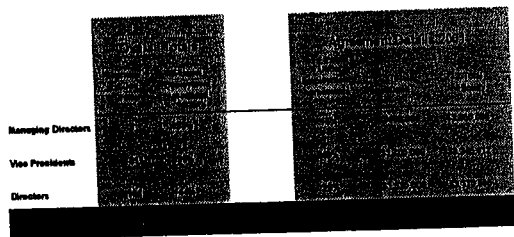
U.S. Power Price Volatility - West



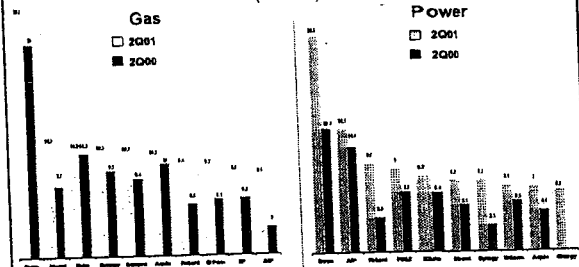
Enron North America Commercial Headcount



Employment Agreement Statistics

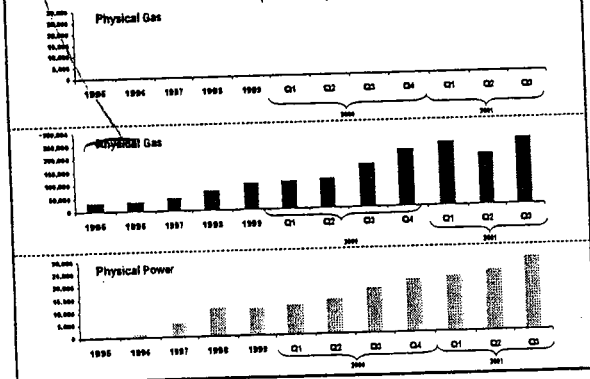


Enron's Leading Market Position Second Quarter 2000 vs Second Quarter 2001 (Tbtue/d)

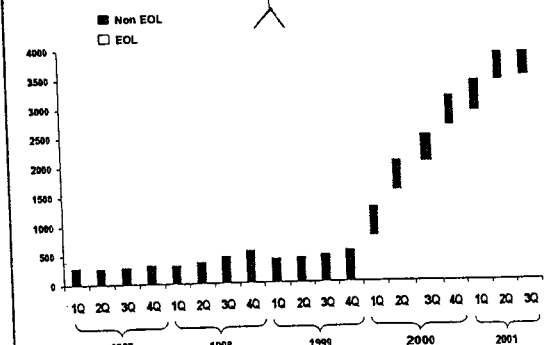


Financial

Enron North America Volumes (Bbtue/d)

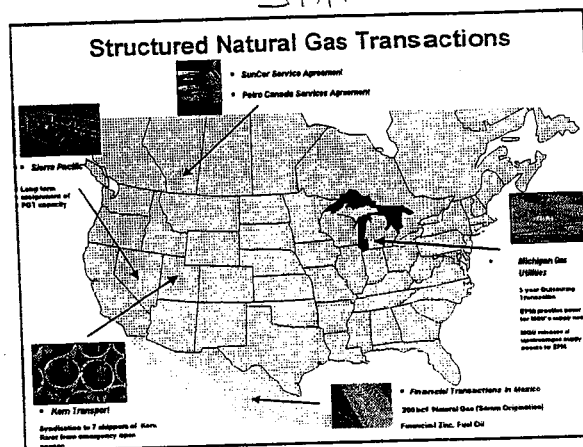
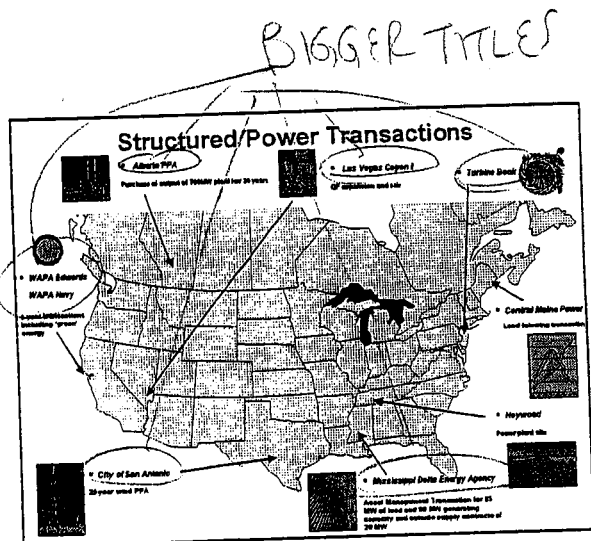
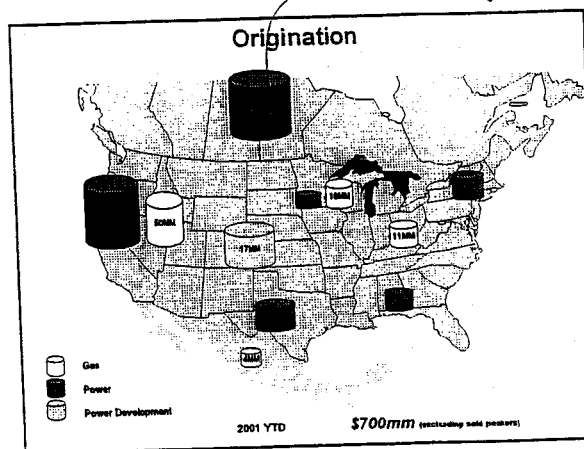
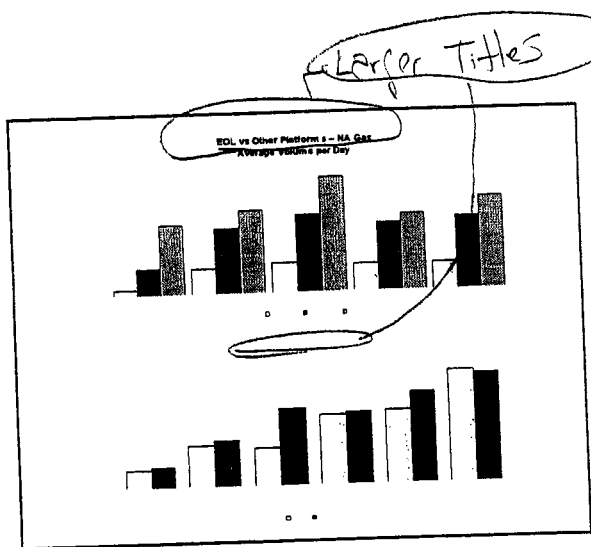
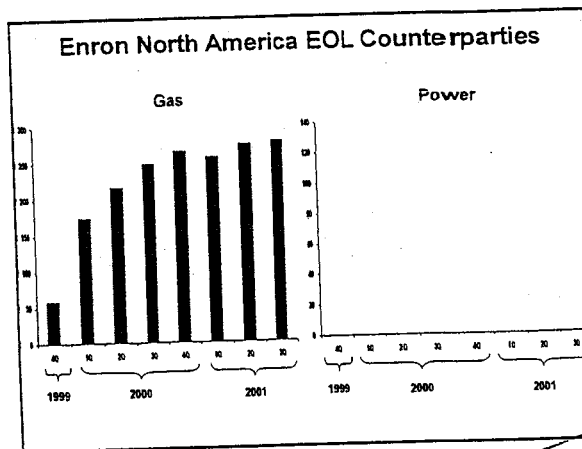
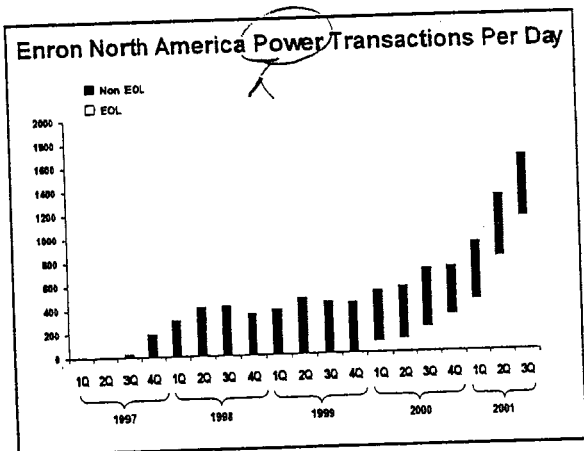


Enron North America Gas Transactions Per Day



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Follow
 8/1/01
 posted 1/12



Smaller maps,
 BIGGER letters
 Possibly box & overlap on top of maps

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Do we want to take these 100's?

Summary of 2001 Asset Sales
(excludes items <\$10mm)

<u>Historical Assets</u>	<u>Book</u>	<u>Sales</u>	
	<u>Value</u>	<u>Proceeds</u>	<u>Gain</u>
HPL	\$364.2	\$382.5	(\$11.7)
<u>Development Projects</u>			
Peakers	\$1,045	\$1,482	\$637
Pastoria	\$72.5	\$112.9	\$40.4
Fountain Valley PSCo	\$115.5	\$130.5	\$15.0
SW Power / Las Vegas Cogen	\$120.1	\$142.3	\$22.2
Heywood Site	\$1.0	\$12.7	\$11.7
Turbines - 2 x T EAs	\$40.3	\$48.5	\$8.2
<u>Power Assets</u>			
Alamogordo / NCPH	\$7.5	\$22.0	\$14.5
Saguaro	\$18.5	\$20.7	\$1.5
<u>Forecast Q4 2001 disposals</u>			
Vibro Sale	\$24.0	\$39.5	\$14.0
Onondaga	\$7.8	\$10	\$2.1
Doyle	0	\$4.8	\$4.7
TOTALS	\$1,817	\$2,880	\$764

Retail Risk Management Discussion

South America Merchant Discussion



Enron Americas

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Enron Energy Services

Financial Highlights

(\$ in Millions)

Retail Segment Reported	Year to Date		Total Year	
	2001E	2000	2001E	2000
Earnings Before Interest & Taxes	172.0	78.5	247.0	110.8*
Net Income	89.4	14.4	127.3	58.9
Cash Flow from Operations	(101.6)	(255.2)	(44.9)	(344.2)
Capital Deployed	1,102.7	682.5	1,097.1	871.2
Return on Equity	16.4%	5.4%	23.4%	18.7%
Capital Deployed including Retail Risk Management	2,740.9	1,715.3	2,816.4	2,116.9

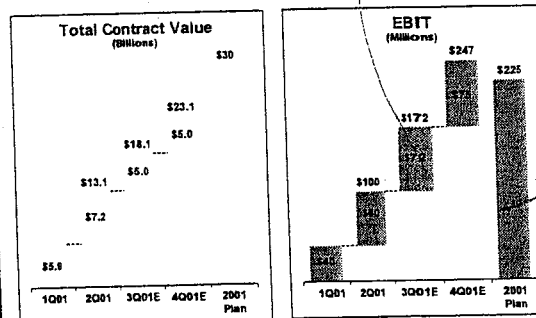
* Non-recurring EBIT of \$62.0MM

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Retail Segment Capital Deployed

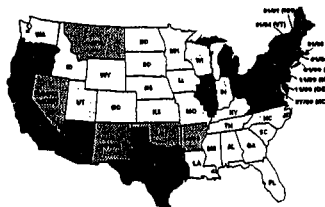
	Year to Date		Total Year	
	2001E	2000	2001E	2000
Accounts Receivable	1402.0	926.7	1,402.0	1,157.2
P/X Receivables	513.0	109.5	513.0	272.4
Accounts Payable	(303.0)	(280.0)	(303.0)	(356.9)
Other Working Capital, Net	93.6	87.9	93.6	102.7
Price Risk Management, Net	671.9	506.3	842.6	698.4
PP&E, Net	158.3	126.9	167.0	152.4
Investments	99.6	120.1	91.6	103.6
Other	105.5	117.9	9.6	(12.9)
Total Capital Deployed	2,740.9	1,715.3	2,816.4	2,116.9

Quarterly Results



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Deregulation Status – U.S. Power



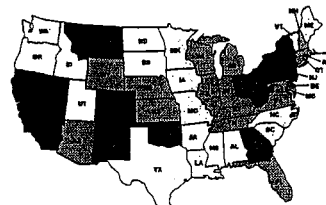
- Pace of Deregulation is Chippy
- Continued Deregulation is Important to Long-Term Strategy
- Planned Openings in 2001-2003 Adequate to Meet Near-Term Goals
- California Crisis Has Reduced Acquisition Cost and Increased Urgency in Marketplace

- Restructuring Legislation/Order Enacted
- Restructuring Enacted, Delay Implemented
- Commission and/or Legislative Investigation
- No Significant Activity/Restructuring Denied

- Total Market Open = \$76.5 Billion
- Total Market Open = 35%
- Market Size = \$219.0 Billion

Status current as of 10/01

Deregulation Status – U.S. Gas



- Consumer response has been mixed with participation varying drastically
- Choice varies greatly by customer class
- Lack of urgency in the market

- States with legislation passed or comprehensive PUC order issued for all customers; however, the quality of access may vary
- States with access for some commercial customers
- States considering reform
- Competitive bidding for customers
- No activity

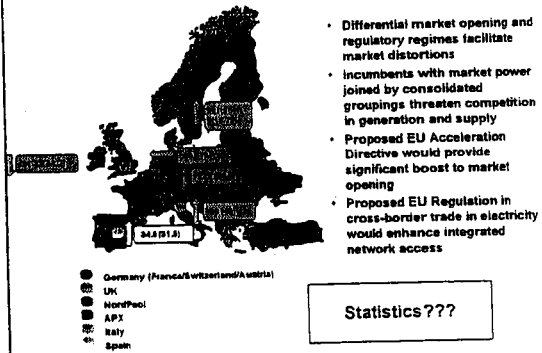
- Total Market Open = \$31.0 Billion
- Total Market Open = 51%
- Market Size = \$61.0 Billion

Status current as of 10/01

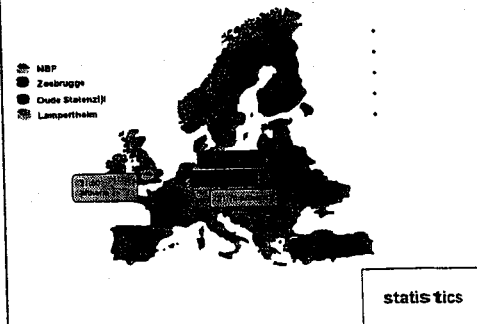
■ State: Industrial open not available

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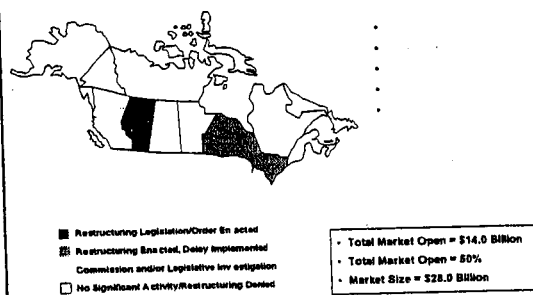
Deregulation Status – Europe Power



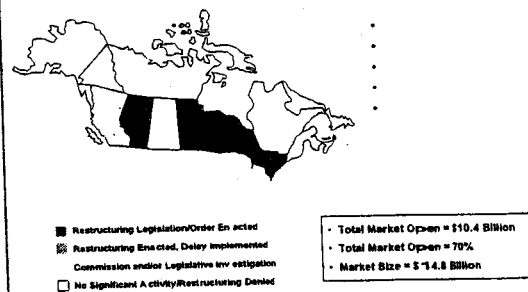
Deregulation Status – Europe Gas



Deregulation Status – Canada Power

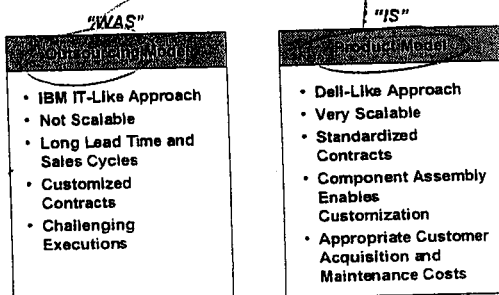


Deregulation Status – Canada Gas

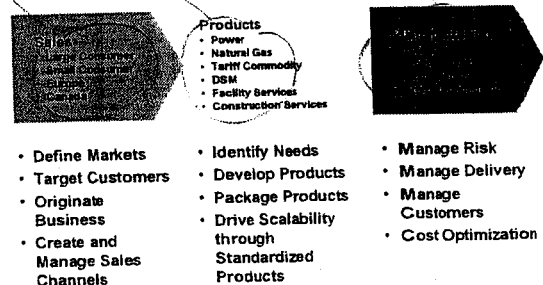


Letter Colors

Evolving Business Model



Product-Based Business Process



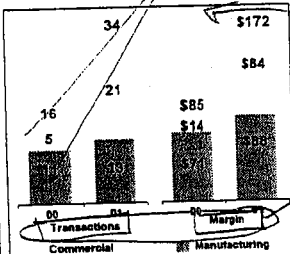
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*alternatives
to write
background?
(ie right play
to eliminate
alone
for
Polar mid
man roadblock*

Large Consumer Business – U.S.

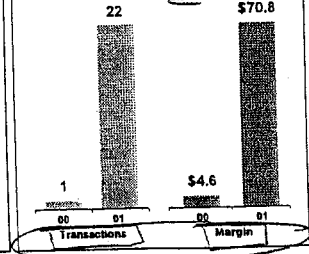
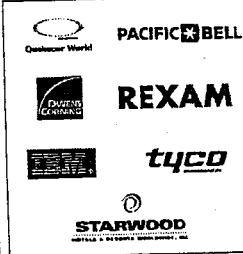
- Annual Energy Spend >\$10MM
- Highly Packaged

- Enron Sales Force
- Dedicated Client Manager



Portfolio Origination – U.S.

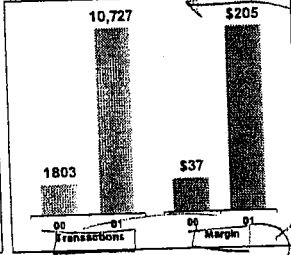
- Upsells and/or Restructures within Existing Contract
- Drives Future Investment in New Products



Small Consumer Business – U.S.

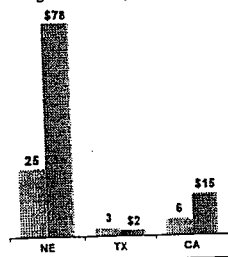
- Annual Energy Spend <\$10MM
- Standard Products

- Enron/Agent Sales Force
- Supported by Call Center

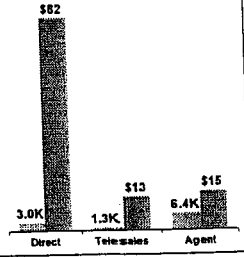


Small Consumer Business – U.S. 2001 Channels

Regional Energy Services



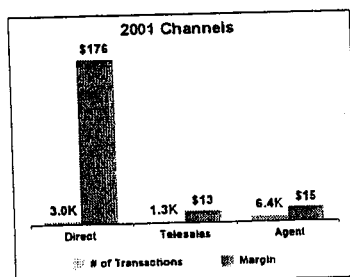
Enron Direct



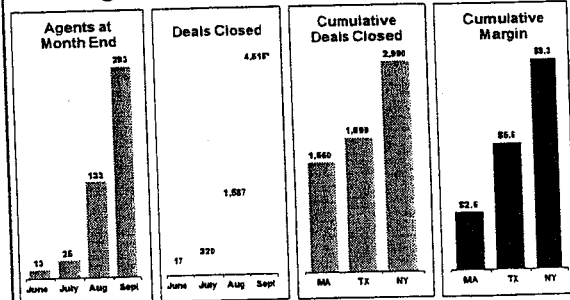
Small Consumer Business – U.S. Regional and Enron Direct

- Annual Energy Spend <\$10MM
- Standard Products

- Enron/Agent Sales Force
- Supported by Call Center



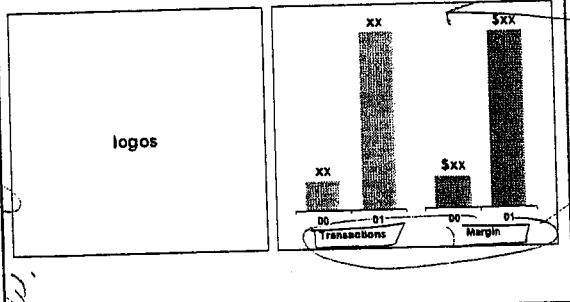
Enron Direct – U.S. Agent-Based Business Metrics



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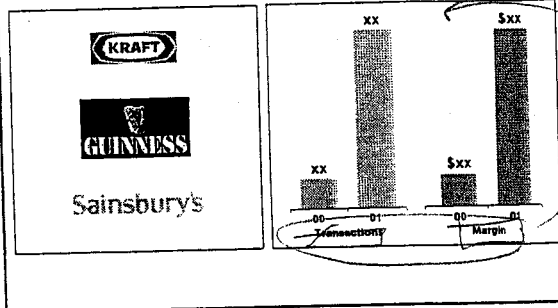
Large Consumer Business – Europe

- Annual Energy Spend >\$10MM
- Highly Packaged
- Enron Sales Force

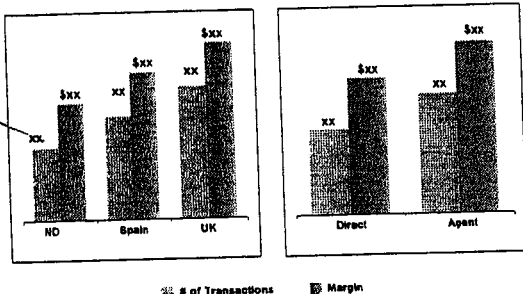


Small Consumer Business – Europe

- Annual Energy Spend <\$10MM
- Standard Products
- Enron/Agent Sales Force

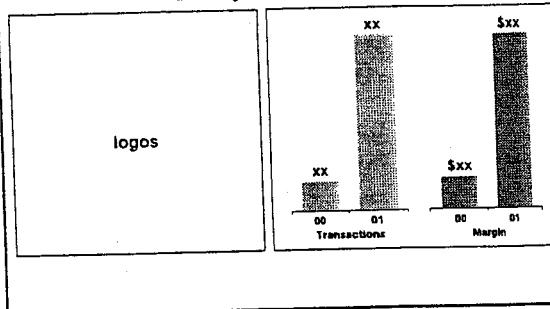


Small Consumer Business – Europe Channels

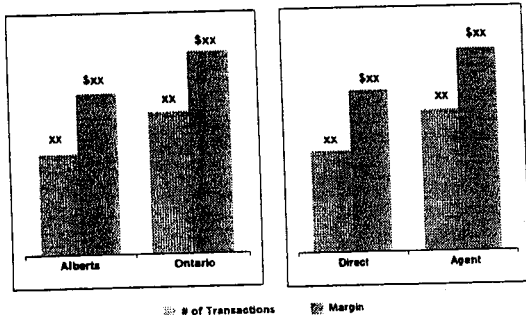


Small Consumer Business – Canada

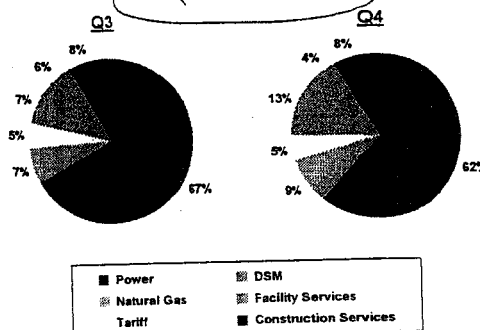
- Annual Energy Spend <\$10MM
- Standard Products
- Enron/Agent Sales Force



Small Consumer Business – Canada Channels

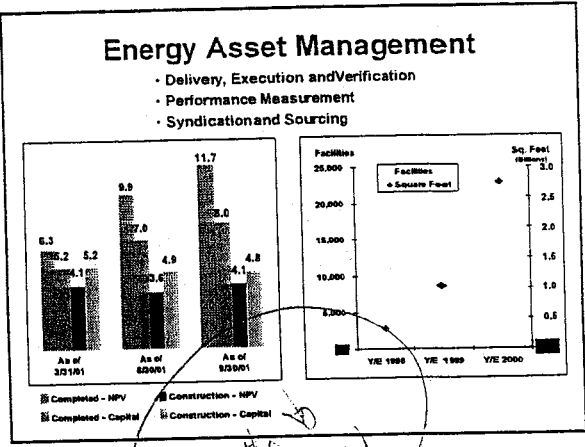
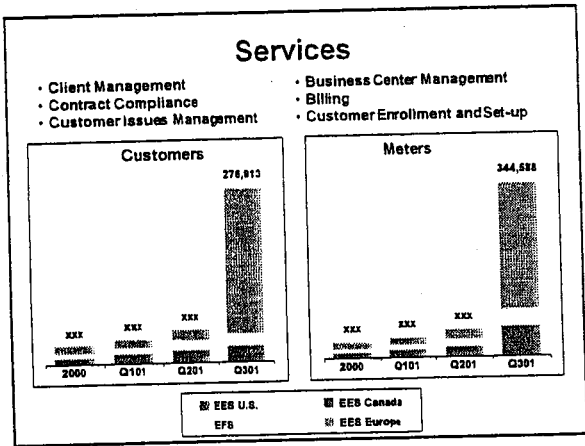


Global Product Mix

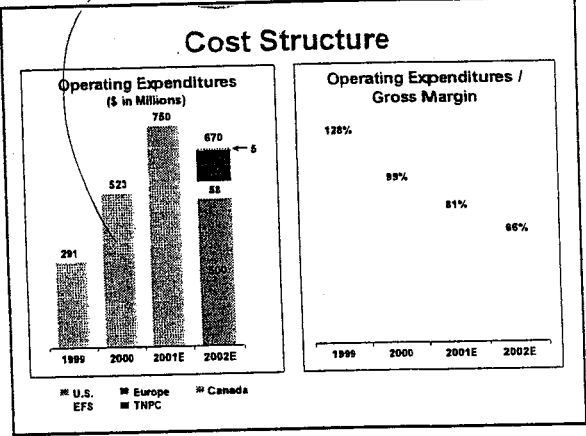
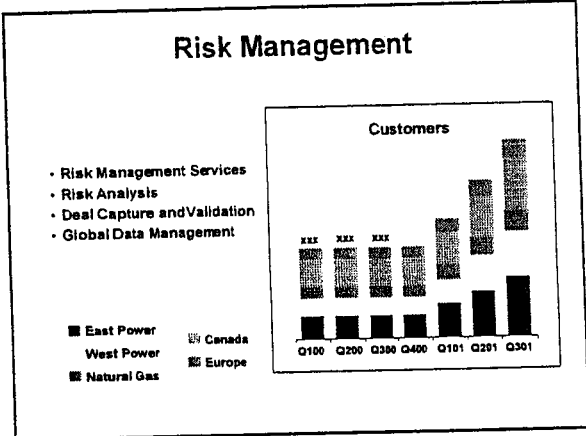


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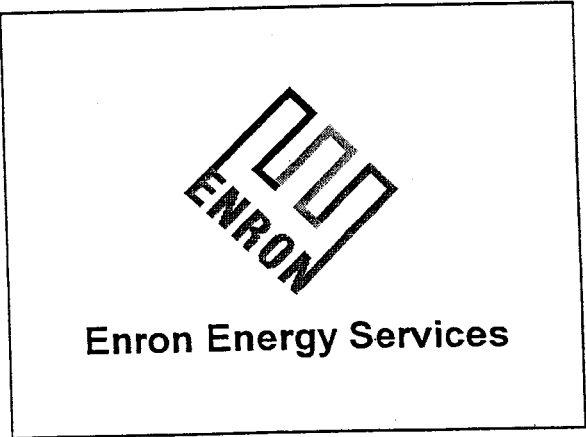
Customer Satisfaction



Attending Blue/Green



Closing Remarks



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Enron Industrial Markets

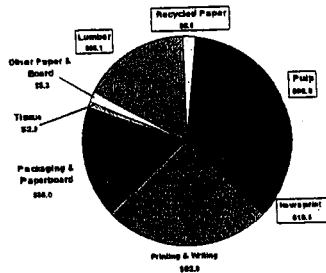
Industrial Markets

New Markets	Global Market Size	Key Market Attributes
Forest Products	\$ 330 Billion	• Certain base grade commodity products
Steel	\$ 250 Billion	• Capital intensive industries that desire Risk Management products
	\$ 580 Billion	• Legacy distribution channels with no price transparency
		• Receptive to Enron's eCommerce model
		• Slow moving incumbents



Forest Products - Market Size

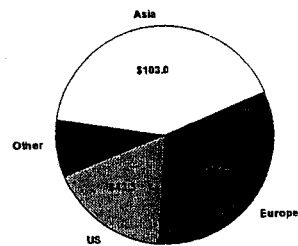
Global Revenue (Est.)
\$330 Billion



Source: Pulp & Paper II, American Forest Products, ENR Fact & Price Book

Steel - Market Size*

Global Revenue (Est.)
\$250 Billion



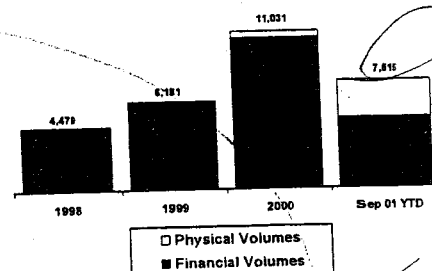
*Flat and Long Products Only

Notable Achievements

- Excellent deal pipeline in both forest products and steel - industry acceptance
- Moved 27 million tons of physical product through 9/30/01
- Generated \$104 million of gross margin through 9/30/01
- Fundamentally changed the way newsprint is bought and sold in the US.
- EOL/CI Lickpaper viewed as "The Market" for newsprint prices
- "Just-in-Time" steel delivery product now live in Chicago
- "Enron Effect" cited by the ITC as a market catalyst

Volume Information

Thousand Metric Tons

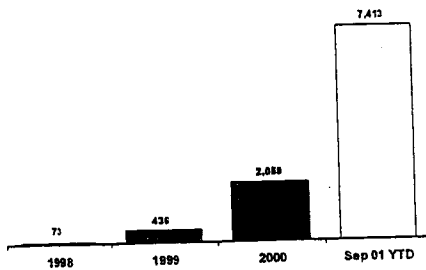


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How does this compare to 27 in prior slide?

*Call Jeff
at 214/311-1111
I will
1. without*

Transaction Activity



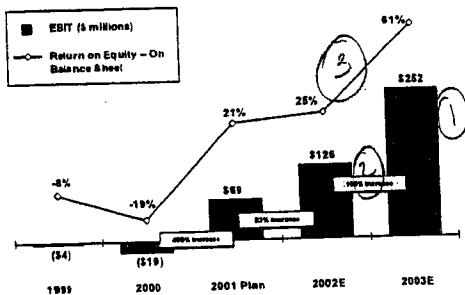
Financial Highlights

\$ Millions

	Year to Date (9/30)		Total Year	
	2001	2000*	2001**	2000*
Earnings Before Interest & Taxes	\$ 45	\$ 2	\$ 69	\$ (18)
Net Income	\$ 24	\$ 1	\$ 43	\$ (5)
Cash Flow from Operations	\$ (75)	N/A	\$ (41)	N/A
Capital Deployed				
On Balance Sheet	\$386	\$ 201	\$ 386	\$ 116
Total	\$754	\$ 201	\$ 761	\$ 116
Return on Equity				
On Balance Sheet	18%	2%	21%	(19)%
Total	10%	2%	12%	(19)%

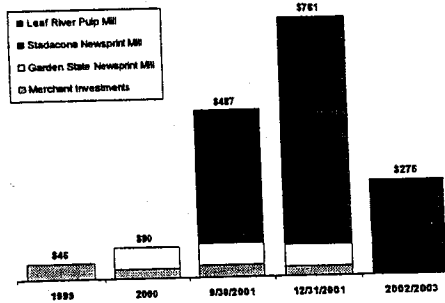
* EBIT formed 1/1/2001, 2000 information based on restated EBIT downstream industrial team results and excludes impact of Pulp and Paper Trading monetization in December 2000
** Estimated

Earnings Growth Opportunity



Asset Investments

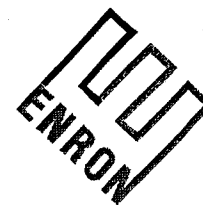
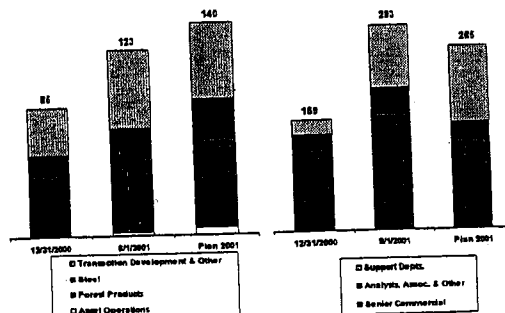
\$ Millions



Headcount

Senior Commercial

Total Headcount



Enron Industrial Markets

**COMPENSATION COMMITTEE MEETING HIGHLIGHTS
SEPTEMBER 14 & SEPTEMBER 27, 2001**

September 14, 2001

- Discussed employment contract terms for Mark Frevert, Rick Buy, Rick Causey, Steve Kean and Mark Koenig. Approved market driven equity grants. As of October 8, 2001, all executives (except Steve Kean) have executed the proposed agreements.
- Approval of Andy Fastow's contract terms was deferred until September 27, 2001.
- Insurance swap arrangement for Mr. Lay was approved.

September 27, 2001

- Approved contract terms for Andy Fastow. Employment contract has been executed.

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